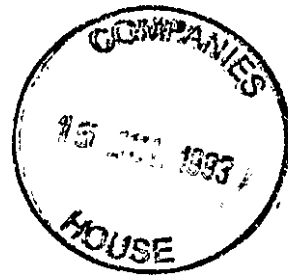


AC000450

PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION



**ANNUAL RETURN
TO THE DEPARTMENT OF TRADE AND INDUSTRY
UNDER THE INSURANCE COMPANIES ACT 1982
FOR THE YEAR ENDED
31 DECEMBER 1992**



PROVIDENT MUTUAL

Statement of solvency

Name of Company Provident Mutual Life Assurance Association

Global business

Company
registration
numberPeriod ended
Global/ day month year
UK/GM

Units

For
official
use

Financial year ended 31 December 1992

F9	8870	GL	31	12	1992	£000		
			As at the end of the financial year 1		As at the end of the previous year 2		Source	
							Form	Line
								Column

GENERAL BUSINESS

Available assets

Other than long term business assets allocated towards general business required minimum margin	11				See instructions 1 and 2 below
---	----	--	--	--	--------------------------------

Required minimum margin

Required minimum margin for general business	12				12.49
Excess (deficiency) of available assets over the required minimum margin (11 - 12)	13				
Implicit items admitted under regulation 10(4) of the Insurance Companies Regulations 1981	14				

LONG TERM BUSINESS

Available assets

Long term business admissible assets	21	3,965,422	3,449,237	10.11
Other than long term business assets allocated towards long term business required minimum margin	22	--	--	See instructions 1 and 3 below
Total mathematical reserves (after distribution of surplus)	23	3,865,557	3,341,625	See instruction 4 below
Other insurance and non--insurance liabilities	24	74,682	84,576	See instruction 5 below
Available assets for long term business required minimum margin (21 + 22 - 23 - 24)	25	25,183	23,036	

Implicit items admitted under regulation 10(4) of the Insurance Companies Regulations 1981

Future profits	31	110,615	99,385	
Zillmerising	32	--	--	
Hidden reserves	33	--	--	

Total of available assets and implicit items (25 + 31 + 32 + 33)	34	135,798	122,421	
--	----	---------	---------	--

Required minimum margin

Required minimum margin for long term business	41	132,738	119,262	60.13
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	22,123	19,877	
Excess (deficiency) of available assets over explicit required minimum margin (25 - 42)	43	3,060	3,159	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34 - 41)	44	3,060	3,159	

Statement of solvency

Name of Company Provident Mutual Life Assurance Association

Global business

Company registration number 8870 GL
Period ended day month year 31 12 1992
Units

For official use

Financial year ended 31 December 1992

F9	8870	GL	31	12	1992	£000		
			As at the end of the financial year 1			As at the end of the previous year 2	Source	
							Form	Line
								Column

ALLOCATION OF OTHER THAN LONG TERM BUSINESS ASSETS

Other than long term business assets allocated towards general business required minimum margin	51			
Other than long term business assets allocated towards long term business required minimum margin	52			
Net other long term business assets (51 + 52)	53			10.29

CONTINGENT LIABILITIES

Quantifiable contingent liabilities in respect of other than long term business as shown in a supplementary note to Form 15	60	--	--	See instruction 6 below
Quantifiable contingent liabilities in respect of long term business as shown in a supplementary note to Form 14	61	--	--	See instruction 6 below

Instructions

- (1) For a composite company, the whole form shall be completed, with the entries at line 11 and 22 being equal to the entries at lines 51 and 52 respectively.
- (2) For a company transacting only general business, only lines 11 to 14 and line 60 shall be completed, with the entry at line 11 being equal to the entry at Form 10 line 29.
- (3) For a company transacting only long term business, only lines 21 to 44 and lines 60 and 61 shall be completed, with the entry at line 22 being equal to the entry at Form 10 line 29.
- (4) The entry at line 23 shall be equal to the sum of lines 11 and 15 in Form 14 and the amount (if any) stated in a note to that Form in accordance with Instruction 3 to that Form.
- (5) The entry at line 24 shall be equal to the total of lines 21 to 47 in Form 14 and the amount of any cash bonuses stated in a note to that Form in accordance with Instruction 2 to that Form.
- (6) The entries at lines 60 and 61 shall not include provision for any liability to tax on capital gains referred to in paragraph 10(2)(b) of Schedule 1.

The Secretary of State, with the consent of the Company, issued to the Company in January 1993 an Order under section 68 of the Insurance Companies Act 1982 directing that the Company may take into Account the implicit items shown in Form 9 of this return.

Famham, Chairman

P Baring, Deputy Chairman

B Richardson, Director &
General Manager

Returns under Insurance Companies Legislation

Statement of net assets

Name of Company **Provident Mutual Life Assurance Association**

Global business

Company
registration
numberGlobal/
UK/CMPeriod ended
day month year

Units

For
official
useFinancial year ended **31 December 1992**

F10	8870	GL	31	12	1992	£000		
			As at the end of the financial year 1			As at the end of the previous year 2	Source	
							Form	Line
								Column
Long Term business – admissible assets			11	3,965,422		3,449,237	13.93	
Long Term business – liabilities and margins			12	3,965,422		3,449,237	14.59	

Other than Long Term business – admissible assets	21				13.93
Other than Long Term business – liabilities	22				15.59
Net admissible assets (21 – 22)	27				
Unpaid capital – as per line 53	28				
Net assets (27 + 28)	29				

Authorised share capital	41				
--------------------------	----	--	--	--	--

Paid up share capital	51				
Share premium account	52				
Unpaid amounts (including share premium) on partly paid shares within the limits allowed by Regulation 10 of the Insurance Companies Regulations 1981	53				
Amounts representing the balance of net assets	54				
Total (51 to 54) and equal to line 29 above	59				

Returns under Insurance Companies Legislation

Analysis of admissible assets

Name of Company Provident Mutual Life Assurance Association

Global business

Business: Long Term

Financial year ended 31 December 1992

Category of assets Total Long Term Fund

Company registration number 8870 GL 31 12 1992 £000 10

Global/UK/CM day month year Units assets

Category of assets

For official use

Category of assets Total Long Term Fund									
F13		8870	GL	31	12	1992	£000	10	
						As at the end of the financial year	1	As at the end of the previous year	2
Admissible assets									
Land	Issued by, or guaranteed by, any government or public authority								
	11						383,170	386,471	
	12						846,052	493,166	
	13	Listed					73,851	36,723	
	14	Unlisted debentures					--	--	
	15	Other unlisted					--	--	
	16	Issued by, or guaranteed by, any government or public authority, except those at line 17					--	--	
	17	Issued by, or guaranteed by, any government or public authority, where the capital value or interest is determined by an index of prices					--	--	
	18	Other					--	--	
	21	Listed					772,402	1,196,907	
Other variable interest investments	22	Unlisted					4,641	4,224	
	23	Holdings in authorised unit trust schemes					23,345	21,959	
Investment in dependants	29	Value of any shares held					5,942	5,850	
	30	Companies authorised to transact insurance business in the United Kingdom					--	--	
	31	Value of any shares held					--	--	
	32	Other insurance companies					--	--	
	33	Debts, other than amounts which must be included in Lines 41 or 51 to 54					--	--	
	34	Value of any shares held					10,877	10,777	
Share options and debenture options	35	Debts, other than amounts which must be included in Lines 41 or 51 to 54					13,139	6,846	
	39	Total (11 to 35)					2,133,419	2,162,923	

Analysis of admissible assets

Name of Company Provident Mutual Life Assurance Association

Global business

Business: Long Term

Financial year ended 31 December 1992

Company registration number 8870 Global/UK/CM 31 12 1992 Period ended day month year Units £000 As at the end of the financial year 1 As at the end of the previous year 2

Category of assets Total Long Term Fund

F13		8870	GL	31	12	1992	£000	10	
Admissible assets									
Loans secured by policies of insurance issued by the company									
Tax recoveries due from taxation authorities									
Deposit and current accounts with approved financial institutions, and deposits with local authorities and Building Societies	Current accounts and amounts on deposit for a fixed term of, or on deposit and withdrawable after giving notice of, 12 months or less after the end of the financial year, and certificates of deposit maturing during that period								4,980
	Other								17,225
	Premium income in respect of direct insurance and facultative reinsurance contracts accepted not yet paid to the company less commission payable thereon								110,355
	Amounts due from ceding insurers and intermediaries under reinsurance treaties accepted								14,762
Insurance debts including those due from dependants and individuals	Amounts due from reinsurers and intermediaries under reinsurance contracts ceded								156
	Recoveries due by way of salvage or from other insurers in respect of claims paid other than recoveries under reinsurance contracts ceded								156
Debts fully secured on land except listed debentures (which must be included in line 13), debts due from dependants (which must be included in lines 30, 32 or 34), and debts due from individuals (which must be included in lines 64 or 66)	due more than 12 months after the end of the financial year								---
	due in 12 months or less after the end of the financial year, or which would become due if the company exercised any right to require repayment within that period								---
	due from companies and unincorporated bodies of persons								---
Debts except those which must be included in other lines	due from individuals								---
	due from companies and unincorporated bodies of persons								35,617
	due from individuals								8,047
Total (41 to 66)									191,142

Analysis of admissible assets

Name of Company Provident Mutual Life Assurance Association

Global business

Business: Long Term

Financial year ended 31 December 1992

Category of assets Total Long Term Fund

F13	Company registration number	Global/UK/CM	Period ended			Units	Category of assets	For official use
			day	month	year			
8870	GL	31	12	1992	£000	10		

Admissible assets	As at the end of the financial year		As at the end of the previous year
	1	2	
Shares in Building Societies and Industrial and Provident Societies	71	--	--
Cash	72	11	23
Computer equipment	81	2,087	3,464
Other office machinery, furniture, motor vehicles and other equipment	82	920	753
Life interests, reversionary interests and similar interests in property	83	--	--
Linked assets	Linked assets in internal funds (as shown in line 12 on Form 49)		1,439,758
	other linked assets		723
	86		1,188
	87		
Total of Sheet 1 (13.39)	91	2,133,419	2,162,923
Total of Sheet 2 (13.69)	92	388,504	191,142
Gross Total of admissible assets (71 to 92)	93	3,965,422	3,449,237

Total of assets valued in accordance with valuation regulations which would have been included in one of the headings above but for the admissibility limits applied by which certain assets are required to be taken into account only to a specified extent	94	--	--
Amount included in line 93 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance	95	40,121	7,472

Instructions for the completion of this form are printed on the reverse.

Long Term business liabilities and margins

Name of Company **Provident Mutual Life Assurance Association**

Global business

Company registration number **8870** Global/UK/CM **GL** Period ended day month year **31/12/1992** Units **£000**

For official use

Financial year ended **31 December 1992**

		F14	8870	GL	31/12/1992	£000	Source		
						As at the end of the financial year 1	As at the end of the previous year 2	Form	Line / Column
Ordinary Long Term Business (all funds)	Mathematical reserves as shown in Schedule 4, after distribution of surplus	11	3,865,557			3,341,625		See instruction 1 below	
	Balance of long term business funds	12	863			212		See instruction 2 below	
	Ordinary long term business funds (11 + 12)	13	3,866,420			3,341,837		40.16	
	Valuation deficiencies	14	--			--			
Industrial Assurance Business	Mathematical reserves as shown in Schedule 4, after distribution of surplus	15	--			--		See instruction 1 below	
	Balance of long term business funds	16	--			--		See instruction 2 below	
	Industrial long term business funds (15 + 16)	17	--			--		40.16	
	Valuation deficiencies	18	--			--			
Other Insurance Liabilities	Claims admitted but not paid	21	30,173			26,315			
	Amounts due in respect of direct insurance and facultative reinsurance contracts accepted except amounts which must be included in line 21	31	--			--			
	Amounts due to ceding insurers and intermediaries under reinsurance treaties accepted except amounts which must be included in line 21	32	--			--			
	Amounts due to reinsurers and intermediaries under reinsurance contracts ceded	33	744			1,296			
Other Liabilities	Loans secured	41	--			--			
	Loans unsecured	42	--			--			
	Taxation	44	--			--			
	Other Creditors	47	43,705			56,965			
Excess of the value of admissible assets representing the long term business funds over the amount of those funds		51	24,320			22,824		See instruction 3 below	
Total (13 + 14 + 17 to 51)		59	3,965,422			3,449,237			
Amount included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	6,011			1,680			
Amount included in line 59 attributable to liabilities in respect of property linked benefits		62	1,420,261			1,089,381			

Instructions :

- The entries at 14.11 and 14.15 shall equal the sum of lines 9, 19, 20 and 21 of the appropriate Form 58.
- The amount of any cash bonuses allocated but not yet paid to policy holders, as shown in 58.18, (which together with 58.25 constitutes the balance of the long term business funds) shall be stated in a note.
- The value of admissible assets representing the long term business funds is determined by deducting from the total value of the admissible assets an amount equal to the liabilities itemised in lines 21 to 47. The amount of any additional mathematical reserves included in line 51 which have been taken into account in the actuary's certificate because the amount of the mathematical reserves determined in Schedule 4 was not calculated in all respects in relation to assets valued in accordance with Part V of the Insurance Companies Regulations 1981, as shown in Form 13, shall be stated in a note.

Long Term Business : Revenue account

Name of Company Provident Mutual Life Assurance Association

Global business

Financial year ended 31 December 1992

Name and number of Fund/Summary Ordinary Long Term

Company registration number	Global/ UK/CM	Period ended			Units	OB/IB	No of Fund/ Summary	No. of part of Fund	For official use
		day	month	year					
F40	8870	GL	31	12	1992	£000	OB	1	0
Items to be shown net of reinsurance ceded							The financial year 1	Previous financial year 2	
Premiums receivable (less rebates and refunds)							1	419,943	423,622
Investment income receivable before deduction of tax							2	222,911	229,290
Increase (decrease) in the value of non-linked assets brought into account							3	155,983	75,608
Increase (decrease) in the value of linked assets							4	140,368	74,441
Other income (particulars to be specified)							5	--	--
Total income (1 to 5)							6	939,205	802,961
Claims payable							7	332,601	326,344
Expenses payable							8	72,318	77,158
Interest payable before deduction of tax							9	--	--
Taxation							10	8,115	10,197
Other expenditure (particulars to be specified) *							11	1,588	2,116
Transfer to (from) statement of other income and expenditure							12	--	--
Total expenditure (7 to 12)							13	414,622	415,815
Increase (decrease) in fund in financial year (6 -- 13)							14	524,583	387,146
Fund brought forward							15	3,341,837	2,954,691
Fund carried forward (14 + 15)							16	3,866,420	3,341,837

Instructions for the completion of this form are printed on the reverse

* Line 11 : Transfer to reserve fund associated with demonstration of solvency.

Management services have been provided throughout the year to all Provident Mutual subsidiary companies, and expenses apportioned accordingly.

Long Term Business : Analysis of premiums and expensesName of Company **Provident Mutual Life Assurance Association**

Global business

Financial year ended **31 December 1992**Name and number of Fund/Summary **Ordinary Long Term**

Company registration number		Global/UK/CM	Period ended			Units	OB/IB	No of Fund/Summary	No. of part of Fund	For official use
F41	8870	GL	31	12	1992	£000	OB	1		
						Gross 1	Payable to or recoverable from reinsurers 2		Net of reinsurance (1 - 2) 3	
Premiums receivable (less rebates and refunds) in the financial year	life assurance contracts	single premiums		1	15,483	---		15,483		
		regular premiums		2	75,393	262		75,131		
	general annuity contracts	single premiums		3	---	---		---		
		regular premiums		4	8	---		8		
	pensions business contracts	single premiums		5	157,004	---		157,004		
		regular premiums		6	173,657	1,772		171,885		
	permanent health contracts			7	1,436	1,004		432		
	capital redemption contracts			8	---	---		---		
	total premiums (1 to 8)			9	422,981	3,038		419,943		
	total premiums at line 9 attributable to	U K contracts		10	422,981	3,038		419,943		
		Overseas contracts		11	---	---		---		
Expenses payable in the financial year	commission payable in connection with acquisition of business			12	13,670	345		13,325		
	other commission payable			13	8,398	---		8,398		
	management expenses in connection with acquisition of business			14	27,089	---		27,089		
	other management expenses			15	23,506	---		23,506		
	total expenses (12 to 15)			16	72,663	345		72,318		
	total expenses at line 16 attributable to	U K contracts		17	72,663	345		72,318		
		Overseas contracts		18	---	---		---		

Returns under Insurance Companies Legislation
Long Term Business : Analysis of claims
 Name of Company **Provident Mutual Life Assurance Association**
 Global business
 Financial year ended **31 December 1992**
 Name and number of Fund/Summary **Ordinary Long Term**

Form 42

Company registration number		Global/ UK/CM	Period ended day month year			Units	OB/IB	No of Fund/ Summary	No. of part of Fund	For official use
F42		8870	GL	31	12	1992	£000	OB	1	0
Claims payable in the financial year						Gross	recoverable from reinsurers		Net of reinsurance (1 - 2)	
						1	2		3	
Life assurance contracts	on death		1			14,102		97		14,005
	on maturity		2			36,904		58		36,846
	on surrender or partial surrender		3			68,616		11		68,605
	total life assurance claims (1 to 3)		4			119,622		166		119,456
General annuity contracts	on death		5			5		---		5
	by way of lump sums on maturity		6			21		1		20
	by way of periodical payments		7			1,202		10		1,192
	on surrender or partial surrender		8			15		1		14
	total general annuity claims (5 to 8)		9			1,243		12		1,231
Pension business	on death		10			10,383		1,422		8,961
	by way of lump sums on maturity		11			38,237		1		38,236
	by way of periodical payments		12			48,143		246		47,897
	on surrender or partial surrender		13			114,543		---		114,543
	total pension business claims (10 to 13)		14			211,306		1,669		209,637
Permanent health contract	by way of lump sums		15			598		---		598
	by way of periodical payments		16			2,166		487		1,679
	total permanent health claims (15 + 16)		17			2,764		487		2,277
Capital redemption contracts	by way of lump sums		18			---		---		---
	by way of periodical payments		19			---		---		---
	total capital redemption claims (18 + 19)		20			---		---		---
Total claims (4 + 9 + 14 + 17 + 20)			21			334,935		2,334		332,601
Total claims at line 21 attributable to	UK contracts		22			334,935		2,334		332,601
	Overseas contracts		23			---		---		---

Instructions for Completion of Form 42

In the case of industrial assurance, claims payable on survival in respect of periodical endowment benefits shall be shown separately from other claims payable on the maturity of contracts of industrial assurance.

Returns under Insurance Companies Legislation
Long Term Business : Summary of Changes in Ordinary Long Term Business
Name of Company : Provident Mutual Life Assurance Association
Global Business
Financial Year ended 31 December 1992

	Life Assurance		General Annuity		Pension Business		Permanent Health		Capital Redemption	
	Number of Contracts	Annual Premiums	Number of Contracts	Annual Premiums	Number of Contracts	Annual Premiums	Number of Contracts	Annual Premiums	Number of Contracts	Annual Premiums
	1	2	3	4	5	6	7	8	9	10
	£	£	£	£	£	£	£	£	£	£
In Force at beginning of year	1	171,294	21,230,166	-	-	1,239,808	50,867,703	-	-	-
New Business	2	68,145	2,985,796	-	-	144,860	16,119,356	-	-	-
Net transfers and other alterations "on"	3	1,088	32,273	-	-	2,099	-	-	-	-
Total "on" (2 + 3)	4	69,233	3,018,069	-	-	146,959	16,119,356	-	-	-
Deaths	5	5,978	50,567	-	-	2,478	176,415	-	-	-
Maturities	6	165	42,792	-	-	2,163	167,995	-	-	-
Surrenders	7	82,862	1,371,048	-	-	13,921	491,529	-	-	-
Forfeitures	8	5,972	452,096	-	-	15,182	739,529	-	-	-
Conversions to Paid-Up Pals for reduced benefits	9	-	643,103	-	-	-	9,294,397	-	-	-
Net transfers, expiries and other alterations "off"	10	-	-	-	-	-	1,722,151	-	-	-
Total "off" (5 to 10)	11	94,977	2,559,603	-	-	33,744	12,599,016	-	-	-
In force at end of year (1 + 4 - 11)	12	725,550	21,688,632	-	-	1,353,023	54,388,043	-	-	-

NOTE : There are 224 Group contracts in force with an estimated 90,677 members.
Instruction : The figures for annual premiums shall not include any recurrent single premiums.

Returns under Insurance Companies Legislation
 Long Term Business : Summary of Changes in Ordinary Long Term Business
 Name of Company : Provident Mutual Life Assurance Association
 Global Business
 Financial Year ended 31 December 1992

Form 43
 United Kingdom
 NON LINKED

	Life Assurance			General Annuity		Pension Business		Permanent Health		Capital Redemption	
	Number of Contracts	Annual Premiums	Number of Contracts	Annual Premiums	Number of Contracts	Annual Premiums	Number of Contracts	Annual Premiums	Number of Contracts	Annual Premiums	
	1	2 £	3	4 £	5	6 £	7	8 £	9	10 £	
In Force at beginning of year	1	281,707	53,325,195	4,236	31,908	28,612,360	3,548	501,644	-	-	
New Business	2	15,472	5,146,727	-	4,794	2,113,897	385	71,979	-	-	
Net transfers and other alterations "on"	3	75	478,412	7	-	-	25	2,006	-	-	
Total "on" (2 + 3)	4	15,547	5,625,139	7	4,794	2,113,897	410	73,985	-	-	
Deaths	5	1,160	199,144	102	6	91,134	6	470	-	-	
Maturities	6	17,410	1,060,059	61	525	449,696	25	2,461	-	-	
Surrenders	7	15,303	2,802,893	40	344	321,812	2	60	-	-	
Forfeitures	8	3,988	1,256,472	64	-	447,114	349	58,011	-	-	
Conversions to Paid-Up Pals for reduced benefits	9	-	340,564	-	16,507	2,073,591	-	-	-	-	
Net transfers, expiries and other alterations "off"	10	-	-	-	701	1,967,196	-	-	-	-	
Total "off" (5 to 10)	11	37,861	5,659,132	267	18,083	5,350,543	382	61,002	-	-	
In force at end of year (1 + 4 - 11)	12	259,393	53,291,202	3,976	18,619	25,375,714	3,576	514,627	-	-	

NOTE : There are 3,355 Group contracts in force with an estimated 375,080 members.
 Instruction : The figures for annual premiums shall not include any recurrent single premiums.

Returns under Insurance Companies Legislation

Form 44 (i)

Long Term Business : Analysis of New Ordinary Long Term Business

Name of Company : Provident Mutual Life Assurance Association

Global Business

Financial Year ended 31 December 1992

United Kingdom

Type of insurance	Single Premium Contracts			Regular Premium Contracts			
	Number of Contracts	Premiums	Sums Assured, Annuities p.a. or other benefits	Number of Contracts	Annual Premiums	Sums Assured, Annuities p.a. or other benefits	
1	2	3	4	5	6	7	£
LIFE ASSURANCE BUSINESS							
Non Linked With Profit	-	-	-	2	2,015	35,000	
1 Whole Life Assurance	-	-	-	13,356	4,641,442	61,240,474	
2 Endowment Assurance	-	-	-	205	25,545	17,955,650	
3 Term Assurance	-	-	-	-	-	-	
Total	-	-	-	13,563	4,669,002	79,231,124	
Non Linked Non Profit							
1 Term Assurance	5	598	164,614	3,906	477,725	99,506,911	
Total	5	598	164,614	3,906	477,725	99,506,911	
Linked							
1 Whole Life Assurance	28,154	15,122,964	14,487,069	1,866	296,147	29,304,516	
2 Endowment Assurance	-	-	-	38,125	2,689,649	99,318,007	
Total	28,154	15,122,964	14,487,069	39,991	2,985,796	128,622,523	
TOTAL	28,159	15,123,562	14,651,683	57,460	8,132,523	307,360,558	

Returns under Insurance Companies Legislation

Long Term Business : Analysis of New Ordinary Long Term Business

Name of Company : Provident Mutual Life Assurance Association

Global Business

Financial Year ended 31 December 1992

United Kingdom

Type of Insurance	Single Premium Contracts			Regular Premium Contracts		
	Number of Contracts	Premiums	Sums Assured, Annuities p.a. or other measure of benefits	Number of Contracts	Annual Premiums	Sums Assured, Annuities p.a. or other measure of benefits
1	2	3	£ 4	5	6	£ 7
GENERAL ANNUITY BUSINESS						
Non Linked With Profit 1 Deferred Annuity	-	20,669	* -	-	4,794	* -
TOTAL	-	20,669	-	-	4,794	-

* Under certain contracts the amount of annuity purchased is indeterminate.

Returns under Insurance Companies Legislation

Long Term Business : Analysis of New Ordinary Long Term Business

Name of Company : Provident Mutual Life Assurance Association

Global Business

Financial Year ended 31 December 1992

United Kingdom

Type of Insurance	Single Premium Contracts			Regular Premium Contracts			Sums Assured, Annuities p.a. or other measure of benefits
	Number of Contracts	Premiums	Sums Assured, Annuities p.a. or other measure of benefits	Number of Contracts	Annual Premiums	Sums Assured, Annuities p.a. or other measure of benefits	
1	2	3	4	5	6	7	£
PENSION BUSINESS							
Non Linked With Profit							
1 Deferred Annuity	218	8,820,303	*2,394	385	1,986,322	*	-
2 Group Pension	-	-	-	3	60,977	97,048	-
3 Annuity in Payment	-	-	-	-	-	-	-
Total	218	8,820,303	2,394	388	2,027,299	97,048	
Non Linked Non Profit							
1 Annuity in Payment	16	1,002,034	95,914	-	-	-	-
2 Term Assurance	-	-	-	179	127,575	16,335,648	-
3 Group Life	-	-	-	7	31,500	8,880,321	-
Total	16	1,002,034	95,914	186	159,075	25,215,969	
Linked							
1 Deferred Annuity	44,203	118,625,923	-	100,706	16,119,356	-	-
2 Group Pension	-	-	-	22	1,731,529	-	-
Total	44,203	118,625,923	-	100,728	17,850,885	-	-
TOTAL	44,437	128,448,260	-	101,302	20,037,259	-	-

* Under certain contracts the amount of annuity purchased is indeterminate.

Returns under Insurance Companies Legislation

Long Term Business : Analysis of New Ordinary Long Term Business

Name of Company : Provident Mutual Life Assurance Association

Global Business

Financial Year ended 31 December 1992

United Kingdom

Type of Insurance	Single Premium Contracts			Regular Premium Contracts		
	Number of Contracts	Premiums	Sums Assured, Annuities p.a. or other measure of benefits	Number of Contracts	Annual Premiums	Sums Assured, Annuities p.a. or other measure of benefits
1	2	3	4	5	6	7
PERMANENT HEALTH BUSINESS						
Non Linked Non Profit						
1 PHI (Individual)	-	-	-	385	71,979	2,959,997
2 PHI (Group)	-	-	-	2	5,080	369,220
Total	-	-	-	387	77,059	3,329,217
TOTAL	72,596	143,592,491	-	159,149	28,251,635	-

The total number of contracts shown in columns 2 and 5 exceeds the actual total number by 2,292 because contracts consisting of a combination of different types of insurance are treated as a number of separate contracts.

Long Term business: Expected income from admissible non-linked assets

Name of Company Provident Mutual Life Assurance Association
 Global business
 Financial year ended 31 December 1992
 Fund Ordinary Long Term

Type of asset		Value of admissible assets as shown on Form 13		Expected income from admissible assets		Yield %
		1	£000	2	£000	3
Land		1	383,170	36,161		9.44
Fixed Interest securities	Issued by, or guaranteed by, any government or public authority	2	846,052	73,533		8.21
	other	3	73,851	7,191		10.58
Variable Interest securities excluding equity shares	Issued by, or guaranteed by, any government or public authority except those included at line 5	4	--	--		--
	Issued by, or guaranteed by, any government or public authority where the capital value or interest is determined by an index of prices	5	--	--		--
	other	6	--	--		--
Equity shares		7	800,388	29,828		3.73
Debts fully secured on land	due more than 12 months after the end of the financial year	8	--	--		--
	due in 12 months or less after the end of the financial year	9	--	--		--
All other assets	producing income	10	311,648	20,092		6.67
	not producing income	11	109,832			
Total		12	2,524,941	166,805		6.50

Long Term business: Analysis of admissible non-linked securities

Name of Company Provident Mutual Life Assurance Association
 Global business
 Financial year ended 31 December 1992
 Fund Ordinary Long Term

Redemption period in years			Value of admissible assets as shown on Form 13 1 £000	Expected income from admissible assets 2 £000	Amount payable on redemption 3 £000	Gross redemption yield % 4
Issued or guaranteed by any government or public authority	one year or less	1	24	1	24	4.34
	more than one year but not more than five years	2	173,950	16,351	159,856	7.30
	more than five years but not more than ten years	3	307,109	28,290	267,770	8.05
	more than ten years but not more than fifteen years	4	50,623	4,281	148,140	8.42
	more than fifteen years but not more than twenty years	5	204,543	15,259	250,535	8.92
	more than twenty years but not more than twenty five years	6	107,017	9,131	107,565	8.71
	more than twenty five years	7	2,786	220	2,746	8.05
	Irredeemable	8	--	--	--	--
	total (1 to 8)	9	846,052	73,533	936,636	8.21
Other	one year or less	10	18	2	18	8.15
	more than one year but not more than five years	11	951	22	2,288	46.10
	more than five years but not more than ten years	12	55	5	65	10.69
	more than ten years but not more than fifteen years	13	15,682	1,511	17,053	10.19
	more than fifteen years but not more than twenty years	14	8,253	860	8,306	10.69
	more than twenty years but not more than twenty five years	15	19,885	1,085	18,600	10.15
	more than twenty five years	16	29,007	2,006	27,755	9.88
	Irredeemable	17	--	--	--	--
	total (10 to 17)	18	73,851	7,191	74,083	10.58

Included above are certain government stocks which were partly paid at the end of the financial year. These stocks have been included at market value in column 1. Redemption values in column 3 are stated at values which assume the stocks to be fully paid at the redemption date. The gross yield to redemption has been calculated taking into account the partly paid nature of the stocks in question.

Long Term Business : Analysis of assets which are matching liabilities in respect of property linked benefits other than holdings in authorised unit trusts or internal linked fundsName of Company : **Provident Mutual Life Assurance Association**

Global business :

Financial year ended : **31 December 1992**

Name of Contract Type of Asset	Value of Assets			
	1. Nest Egg Plan	2. Executive Pension Plan	3. Company Investment Account	4. Total
	£	£	£	£
Royal Bank of Scotland Deposit Account	722,731	--	--	722,731
Policy Loans	--	1,659,475	--	1,659,475
Deposits	--	5,745	833,920	839,665
Total	722,731	1,665,220	833,920	3,221,871

Long Term business: Balance sheet for internal linked funds

(Sheet 1)

Name of Company: **Provident Mutual Life Assurance Association**
 Global business
 Financial year ended: **31 December 1992**

Names of funds		Equity £000	Overseas Equity £000	Property £000	Fixed Interest (Pensions) £000	Fixed Interest (Life) £000	Index Linked Gilt £000
Type of asset							
Land	1	---	---	102,201	---	---	---
Fixed Interest securities	Government or public authority	2	---	---	62,051	22,888	65,951
	Other	3	---	---	---	---	---
Variable interest securities	4	783,600	292,827	---	---	---	---
Unit trusts	5	---	---	---	---	---	---
Mortgages on land	6	---	---	---	---	---	---
Building society shares and deposits	7	---	---	---	---	---	---
Deposits and loans	8	---	14,782	---	---	---	---
Income due or accrued	9	2,006	---	2,189	618	231	---
Cash	10	---	---	---	---	---	---
Other assets (a)	11	14,058	434	(163)	3,268	---	417
Total (1 to 11)	12	799,664	308,043	104,227	65,937	23,119	66,368
Total investment in other internal linked funds of the company	13	(4,493)	(949)	801	7,669	4,822	1,108
Total assets (12 + 13)	14	795,171	307,094	105,028	73,606	27,941	67,476
Amount set aside for tax on capital gains not yet realised	15	---	---	---	---	---	---
Secured loans	16	---	---	---	---	---	---
Unsecured loans	17	---	---	---	---	---	---
Other liabilities (b)	18	7,669	10,515	112	3,273	192	---
Total liabilities (15 to 18)	19	7,669	10,515	112	3,273	192	---
Net asset value (14 - 19)	20	787,502	296,579	104,916	70,333	27,749	67,476

(a) Amount due for assets sold and / or tax recoverable / (payable) on income.

(b) Amount due for assets purchased and / or expenses outstanding on asset transactions.

Long Term business: Balance sheet for internal linked funds

(Sheet 2)

Name of Company: **Provident Mutual Life Assurance Association**
 Global business
 Financial year ended: **31 December 1992**

Names of funds		Deposit	Managed	Managed	Assured		Total
Type of asset		£000	£000	(Life)	(Pension)		£000
Land	1	---	---	---	---		102,201
Fixed interest securities	Government or public authority	2	---	---	---		150,890
	Other	3	---	---	---		---
Variable interest securities	4	---	---	---	---		1,076,427
Unit trusts	5	---	---	---	---		---
Mortgages on land	6	---	---	---	---		---
Building society shares and deposits	7	---	---	---	---		---
Deposits and loans	8	72,450	---	---	---		87,232
Income due or accrued	9	(50)	---	---	---		4,994
Cash	10	---	---	---	---		---
Other assets	11	---	---	---	---		18,014
Total (1 to 11)	12	72,400	---	---	---		1,439,758
Total investment in other internal linked funds of the company	13	---	933,878	357,459	473,493		1,773,788
Total assets (12 + 13)	14	72,400	933,878	357,459	473,493		3,213,546
Amount set aside for tax on capital gains not yet realised	15	---	---	---	---		---
Secured loans	16	---	---	---	---		---
Unsecured loans	17	---	---	---	---		---
Other liabilities	18	---	---	---	---		21,761
Total liabilities (15 to 18)	19	---	---	---	---		21,761
Net asset value (14 - 19)	20	72,400	933,878	357,459	473,493		3,191,785

Instructions

1. The entries at line 20 shall be the same as those at line 15 on form 51.
2. The entry at line 12 in the Total column shall be equal to line 85 on form 13.

Long Term Business :

Analysis of units in internal linked funds

Name of Company

Provident Mutual Life Assurance Association

Global business

Financial year ended

31 December 1992

Name of internal linked fund in which invested	Name of unit link	Valuation price per unit	Total number of units in force	Value of total units in force	Value of units held by each internal linked fund in each unit link of other internal linked funds		
					Equity	Overseas Equity	Property
1	2	3	4	5 £000	6 £000	7 £000	8 £000
EQUITY	Life Equity Ordinary	6.009	36,212,348	217,600			
	Life Equity Initial	4.313	27,823	120			
	Pension Equity Ordinary	8.244	68,913,392	568,122			
	Pension Equity Initial	5.917	280,548	1,660			
	Total			787,502			
OVERSEAS EQUITY	Life Overseas Equity Ordinary	2.891	28,447,942	82,243			
	Life Overseas Equity Initial	2.075	8,193	17			
	Pension Overseas Equity Ordinary	3.330	64,210,210	213,820			
	Pension Overseas Equity Initial	2.390	208,787	499			
	Total			296,579			
PROPERTY	Life Property Ordinary	2.120	13,995,755	29,671			
	Life Property Initial	1.522	3,942	6			
	Pension Property Ordinary	2.680	28,051,119	75,177			
	Pension Property Initial	1.923	32,241	62			
	Total			104,916			
FIXED INTEREST (PENSION)	Pension Fixed Ordinary	3.210	21,847,352	70,130			
	Pension Fixed Initial	2.304	88,108	203			
	Total			70,333			
FIXED INTEREST (LIFE)	Life Fixed Ordinary	2.494	11,125,501	27,747			
	Life Fixed Initial	1.790	1,117	2			
	Total			27,749			
INDEX LINKED GILT	Life Index Linked Ordinary	1.836	10,100,763	18,545			
	Life Index Linked Initial	1.378					
	Pension Index Linked Ordinary	2.083	23,478,637	48,908			
	Pension Index Linked Initial	1.561	16,015	25			
	Total			67,478			
DEPOSIT	Life Deposit Ordinary	1.932	15,887,681	30,695	(2,004)	(592)	500
	Life Deposit Initial	1.387	721	1			
	Pension Deposit Ordinary	2.808	14,764,245	41,450	(1,689)	(357)	301
	Pension Deposit Initial	2.015	122,084	246			
	Total			72,400	(4,493)	(949)	801
MANAGED (PENSION)	Pension Managed Ordinary	5.186	176,095,283	912,813			
	Pension Managed Initial	3.707	5,682,493	21,065			
	Total			933,878			
MANAGED (LIFE)	Life Managed Ordinary	3.915	90,086,845	352,690			
	Life Managed Initial	2.810	1,697,153	4,769			
	Total			357,459			
ASSURED (PENSION)	Pension Assured Basic	0.994	387,530,471	385,351			
	Pension Assured Bonus	0.990	89,023,421	88,142			
	Total			473,493			
TOTAL				3,191,785	(4,493)	(949)	801

Returns under Insurance Companies Legislation
 Long Term Business : Analysis of units in internal linked funds
 Name of Company Provident Mutual Life Assurance Association
 Global business
 Financial year ended 31 December 1992

Form 50
 (cont.)

Value of units held by each internal linked fund in each unit link of other internal linked funds								Value of units in force excluding those held by other internal linked funds (5 - 16)
Fixed Interest (Pension)	Fixed Interest (Life)	Indexed Linked Gilt	Deposit	Managed (Pension)	Managed (Life)	Assured (Pension)	Total	
9 £000	10 £000	11 £000	12 £000	13 £000	14 £000	15 £000	16 £000	17 £000
					197,729		197,729	19,871
								120
				518,260			518,260	49,862
								1,660
				518,260	197,729		715,989	
					78,183		78,183	4,060
								17
				203,693			203,693	10,127
								499
				203,693	78,183		281,876	
					29,124		29,124	547
								6
				72,872			72,872	2,305
								62
				72,872	29,124		101,996	
				64,150			64,150	5,980
								203
				64,150			64,150	
					24,979		24,979	2,768
								2
					24,979		24,979	
					17,777		17,777	768
				46,104			46,104	2,802
								25
				46,104	17,777		63,881	
4,787	3,010	892			9,667		15,260	15,435
								1
2,882	1,812	416		20,799			32,164	9,284
								243
7,669	4,822	1,108		20,799	9,667		47,424	
						473,493	473,493	439,320
								21,085
						473,493	473,493	
								352,690
								4,769
								385,351
								88,142
7,669	4,822	1,108		933,878	357,459	473,493	1,773,788	1,417,997

Instructions are shown on the reverse

Long Term business: Revenue account for internal linked funds

(Sheet 1)

Name of Company: Provident Mutual Life Assurance Association

Global business

Financial year ended: 31 December 1992

Names of funds		Equity £000	Overseas Equity £000	Property £000	Fixed Interest (Pensions) £000	Fixed Interest (Life) £000	Index Linked Gift £000
Value of net creation of units	1	47,000	5,750	14,100	42,200	11,325	34,300
Investment income attributable to the fund before deduction of tax	2	29,425	5,178	10,166	5,440	2,931	1,834
Increase (decrease) in the value of investments in financial year	3	113,670	17,409	(7,491)	4,007	2,313	4,718
Other income (particulars to be specified)	4	--	--	--	--	--	--
Total income (1 to 4)	5	190,095	28,337	16,775	51,647	16,569	40,852
Value of net cancellation of units	6	--	--	--	--	--	--
Charges for management	7	--	--	--	--	--	--
Charges in respect of tax on investment income	8	2,675	497	984	--	732	160
Taxation on realised capital gains	9	--	--	--	--	--	--
Increase (decrease) in amount set aside for tax on capital gains not yet realised	10	6,976	835	(677)	--	--	--
Other expenditure (particulars to be specified)	11	--	--	--	--	--	--
Total expenditure (6 to 11)	12	9,653	1,332	307	--	732	160
Increase (decrease) in fund in the financial year (5 - 12)	13	180,442	27,005	16,468	51,647	15,837	40,692
Internal linked fund brought forward	14	607,060	269,574	88,448	18,686	11,912	26,784
Internal linked fund carried forward	15	787,502	296,579	104,916	70,333	27,749	67,476

Instruction

Funds shall be entered in the same column position on this form and on form 49.

Long Term business: Revenue account for internal linked funds

(Sheet 2)

Name of Company: Provident Mutual Life Assurance Association

Global business

Financial year ended: 31 December 1992

Names of funds		Deposit	Managed (Pension)	Managed (Life)	Assured (Pension)	Total
		£000	£000	£000	£000	£000
Value of net creation of units	1	--	203,200	--	98,000	455,875
Investment income attributable to the fund before deduction of tax	2	7,348	---	--	--	62,322
Increase (decrease) in the value of investments in financial year	3	---	123,303	49,268	64,124	371,321
Other income (particulars to be specified)	4	---	---	---	---	---
Total income (1 to 4)	5	7,348	326,503	49,268	162,124	889,510
Value of net cancellation of units	6	20,997	--	73,800	--	94,797
Charges for management	7	--	--	--	--	--
Charges in respect of tax on investment income	8	--	--	--	--	5,048
Taxation on realised capital gains	9	---	---	---	---	---
Increase (decrease) in amount set aside for tax on capital gains not yet realised	10	--	--	---	--	7,136
Other expenditure (particulars to be specified)	11	---	---	---	---	---
Total expenditure (6 to 11)	12	20,997	---	73,800	--	106,981
Increase (decrease) in fund in the financial year (5 - 12)	13	(13,649)	326,503	(24,532)	162,124	782,537
Internal linked fund brought forward	14	86,049	607,375	381,991	311,369	2,409,248
Internal linked fund carried forward	15	72,400	933,878	357,459	473,493	3,191,785

Instruction

Funds shall be entered in the same column position on this form and on form 49.

NOTES TO THE RETURN

1. Exchange Rates

The rates of exchange prevailing at the time of the transaction have been used to convert amounts of income and expenditure in overseas currencies relating to long term business. Other amounts are included in the return at the rates of exchange ruling at the end of the year.

2. Contingent Liabilities

No charge has been made on the assets of the company to secure the liabilities of any other person. No provision has been made for any liability to tax on capital gains which might arise if the company disposed of its assets (see also answer 5e on page 40).

3. Basis for valuation of linked assets

Linked assets have been valued on the same bases as non-linked assets.

4. Stock Lending arrangements

The company has entered into stock lending arrangements during the year in accordance with established market conditions. These arrangements have been reported in the returns on a basis satisfactory to the Secretary of State.

STATEMENT OF INFORMATION ON APPOINTED ACTUARY

PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION

1. (a) None

(b) The appointed actuary has a loan from Provident Mutual Life Assurance Association amounting to £21,500 secured over house property and granted under the terms of the Staff House Purchase Scheme.

The actuary is the life assured and beneficiary, within the definition of Regulation 29(3) of the Insurance Companies (Accounts and Statements) Regulations 1983, under eighteen policies effected with the Association as shown below. In addition personal equity plans have been effected with Provident Mutual Plan Managers Limited.

No. of Policies	Basic Sum Assured	Annual Premiums	Year of Maturity	Reversionary Bonus at 31.12.92
	£	£		£
Endowment Assurances				
2	5,948	565	1993	2,653
3	11,967	353	2001	16,104
1	4,500	133	2002	5,263
Whole Life Assurance				
1	1,000	43	-	276
Family Income Benefit (Dynamic)				
1	1,875	17	1996 (Expiry)	N/A
Maximum Investment Plan				
10	22,500	3,000	1998	N/A

(c) £139,265

(d) Membership of the Staff Superannuation Fund.

2. The Company made a request to the actuary to furnish it with the particulars specified in paragraph (1) of Regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1983. Pursuant to that request the actuary confirmed that the information in item 1 above was correct.

DIRECTORS' CERTIFICATE

We certify

in relation to the part of the return comprising forms 9, 10, 12, 14, 40 to 46 and 48 to 51,

1. (a) that, for the purposes of preparing the return:-
 - (i) proper accounts and records have been maintained and adequate information has been obtained by the company and
 - (ii) an appropriate system of control has been established and maintained by the company over its transactions and records;
- (b) that the value shown for each category of asset has been determined in conformity with Regulation 4 of the Insurance Companies (Accounts and Statements) Regulations 1983 and includes the value of only such assets or such parts thereof as are permitted to be taken into account;
- (c) that the amount shown for each category of liability (including contingent and prospective liabilities) has been determined in conformity with Regulation 4 of the Insurance Companies (Accounts and Statements) Regulations 1983; and
- (d) that in respect of the company's business which is not excluded by Regulation 27 of the Insurance Companies Regulations, the assets held at 31 December 1992 enabled the company to comply with Regulations 25 and 26 (matching and localisation) of those Regulations; and
2. that in relation to the statement on page 27 required by regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1983,
 - (a) for the purpose of preparing the statement, proper accounts and records have been maintained; and
 - (b) the information given has been ascertained in conformity with that Regulation; and
3. (a) that immediately following the end of the financial year the amount of the company's required minimum margin was as shown in Form 9; and
- (b) that at the end of the financial year the amount of the company's available assets and quantifiable contingent liabilities (other than those included in Form 14 and Form 15 in accordance with paragraph 10(1) of Schedule 1 of the Insurance Companies (Accounts and Statements) Regulations 1983) and the identity and value of items admitted as implicit items in accordance with Regulations 10(4) of the Insurance Companies Regulations were as shown in form 9; and

4. (a) that the requirements of Sections 28 to 31 of the Insurance Companies Act 1982 have been fully complied with and in particular that, subject to the provisions of Section 29(2), (3) and (4) and Section 30 of the Insurance Companies Act 1982, assets attributable to long term business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term business fund have not been applied other than for the purpose of the long term business; and
- (b) that any amount payable from or receivable by the long term business fund in respect of services rendered by or to any other business carried on or by the company or by a person who, for the purposes of Section 31 of the Insurance Companies Act 1982, is connected with it or is a subordinated company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to that fund and any exchange of assets representing such fund for other assets of the company has been made at fair market value; and
- (c) that, in accordance with Section 31A of the Insurance Companies Act 1982, proper arrangements have been in force to ensure that transactions affecting the assets of the company have not operated unfairly between its long term funds and its other assets; and
- (d) that no guarantees have been given by the company of the performance by a related company of a contract binding on the related company which would fall to be met by any long term business fund; and
- (e) that the returns in respect of long term business are not distorted by agreements between the company and any other company carrying on insurance business with which the company has financial, commercial or administrative links or by any arrangements which could affect the apportionment of expenses and income.

Farnham, Chairman

P Baring, Deputy Chairman

B Richardson, Director and General Manager

30 June 1993

AUDITORS' REPORT MADE UNDER REGULATION 27 OF THE INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1983

We have examined Forms 9, 10, 13, 14, 40 to 46 and 48 to 51, together with the related notes on page 26.

In our opinion these forms and the related notes have been properly prepared in accordance with the provisions of the Regulations.

In our opinion and according to the information and explanations we have received:-

- i. the certificate on pages 28 and 29 annexed in accordance with Regulation 26(a) (other than so much of it relates to the statement required by Regulation 29) has been properly prepared in accordance with the Regulations, and
- ii. it was reasonable for the persons giving the certificate to have made the statements therein.

In giving our opinion we have relied on:-

- i. the certificate of the actuary on page 31 in respect of the mathematical reserves and required minimum margin of the company; and
- ii. the identity and value of any implicit items as they have been admitted in accordance with Regulation 10(4) of the Insurance Companies Regulations 1981.

Price Waterhouse
Chartered Accountants
and Registered Auditor
10 Bricket Road
St Albans
Hertfordshire
AL1 3JX

30 June 1993

APPOINTED ACTUARY'S CERTIFICATE

I certify:-

- i. that in my opinion proper records have been kept by the company adequate for the purpose of the valuation of the liabilities of its long term business;
- ii. that the mathematical reserves as shown in Form 14 constitute proper provision at the end of the financial year for the liabilities (other than liabilities which had fallen due before the end of the financial year) arising under or in connection with contracts for long term business including any increase in those liabilities arising from a distribution of surplus as a result of an investigation as at that date into the financial condition of the long term business; and
- iii. that for the purpose of sub-paragraph (ii) above the liabilities have been assessed in accordance with Part VI of the Insurance Companies Regulations in the context of the assets valued in accordance with Part V of those Regulations, as shown in Form 13.

The amount of the required minimum margin applicable to the company's long term business immediately following the end of the financial year (including any amount resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long term business) is £132,738,000.

J D Neville
Appointed Actuary

30 June 1993

PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION

SCHEDULE 4

VALUATION REPORT on the PROVIDENT MUTUAL LIFE ASSURANCE

ASSOCIATION, made by the Actuary

in conformity with Regulation 54 of the Insurance Companies Regulations 1981

1. The date of the valuation was 31 December 1992
2. The date of the previous valuation under the Insurance Companies Act 1982 was 31 December 1991
3. In general the non-linked contracts are self-explanatory from Form 55. Certain options and premium rate guarantees have been given; these are described in the report of the valuation at 31 December 1988.
4. (1) The following contracts are described in the report of the valuation at 31 December 1988:

Investment Bond
Maximum Investment Plan
Regular Savings Plan
High Cover Plan
Whole Life Plan (Versions A and B)
Flexible Mortgage Plan
Nest Egg Plan
Flexible Pension Plan
Personal Pension Plan
Executive Pension Plan
Personal Pension Bond
Individual Investment Account (1988 series)
Company Investment Account (1988 series)

The description of the Individual Investment Account (1988 series) is subject to the amendment detailed in the report of the valuation at 31 December 1990.

The following contract is described in the report of the valuation at 31 December 1989:

Personal/Mortgage Investment Account (1989 series)

The following contracts are described in the report of the valuation at 31 December 1990:

Executive Investment Account (1990 series)

Trustee Investment Account (1990 series)

The following contract was issued in 1992:

Free-Standing Investment Account (1992 series)

- a This is a unit linked contract written under the provisions of Chapter I of Part XIV of the Income and Corporation Taxes Act 1988. The contract is designed to receive single or regular premiums. Additional single premiums and incremental regular premiums are permissible. At outset the policyholder selects a Pension Date in the range 50 to 75.

On retirement the pension payable is the annuity which can be purchased by the cash value of the account (as described below), either with the Association at the rate then available or with another office under the terms of an open market option. Under certain conditions the account may be surrendered and a transfer payment, equal to the cash value of the account, made to another pension arrangement.

The cash value of the account is the bid value of the units allocated subject to the following deductions:

- (i) On termination during the first 2 years of the account there will be a deduction of (£33.84 - £1.41 x number of complete months the account has been in force). These figures apply while the administration charges are at the levels current in 1992; they are increased annually in line with the charges (see b. below).
- (ii) Any single premium paid, or transfer payment received, within 5 years of termination will be subject to a deduction of $(5\% - 1/12\% \times \text{number of complete months between payment and termination})$.
- (iii) Chargeable units (as described in c. below) will be discounted from Pension Date (or 65th birthday if earlier) at the chargeable rate for each complete month of outstanding term.
- (iv) On termination before Pension Date, units of the Assured Fund may be subject to a Market Depreciation Discount, as described in 4(2)b.

On death before retirement, the benefit payable is at least the bid value of the units allocated. If regular premiums are being paid, additional cover may be provided, in the form of either an additional sum assured or a guaranteed minimum death benefit. The cost of such additional cover is calculated monthly by reference to the sum at risk and is charged by cancelling units allocated at bid value.

On cancellation or reduction of additional death benefit cover before age 65, the policyholder has the option to effect a term or endowment assurance on standard rates for a sum assured not greater than the reduction in the sum at risk, and with a termination date not later than the Pension Date (or 70th birthday if earlier). If the option becomes available less than 10 years before this latest termination date, the option of an endowment assurance is not available. The option is available only on that part of the sum at risk charged on standard rates. The charge for the option is included in the cost of the additional cover under the contract.

If regular premiums cease, additional death benefit cover will cease.

- b. In general 100% of each premium is allocated to units. For certain contracts this percentage is increased to reflect a saving in expenses or commission. A monthly administration charge is made by cancelling units allocated at bid value. In 1992 the amount of this charge was £2.82 per month. The administration charge is increased each calendar year in line with the increase (if any) in the index of National Average Earnings; increases take place with effect from the policy anniversary. The administration charge continues if premiums cease or are reduced. The Association reserves the right to review the scale of charges from time to time.
- c. Premiums can be invested in Ordinary units of the Pension Managed, Pension Equity, Pension Overseas Equity, Pension Property, Pension Fixed Interest, Pension Index-Linked Gilt or Pension Deposit Funds, or Basic units of the Pension Assured Fund.

If regular premiums are paid, a proportion of the units purchased by the first year's premium will be subject to a charge (by cancellation of units at bid value) each month until Pension Date, or 65th birthday if earlier. The charge is 0.7% per month of the bid value of the relevant units. Units liable to this monthly charge are referred to in these returns as Chargeable units, or 0.7% Chargeable units where the context requires the charge to be specified. The proportion of the units purchased in the first year which are Chargeable depends on the term to Pension Date. It is 100% for terms of 25 years or less, reducing by 1% for each complete year by which the term exceeds 25 years, to a minimum of 78%.

Incremental regular premiums are treated in a similar way, with a proportion of the first year's premium increment purchasing Chargeable units, the proportion depending on the outstanding term to Pension Date.

Units in one fund may be exchanged for units in another subject to a charge. Currently the first switch in any year is free and the charge for subsequent switches is 0.5% of the amount switched, with a minimum of £10 and a maximum of £25. The Association reserves the right to review the charging basis from time to time.

- 4.(1) d. There are no authorised unit trusts to which benefits under any of the above contracts may be linked.
- 4.(2) The internal linked funds operated by the Association are described in the report of the valuation at 31 December 1988.
- 4.(3) Not applicable.

- 5.(1) a. The composition of the assets is reviewed periodically, both as regards type of asset and the period to redemption (if applicable), to ensure that there is a broad consistency between the assets and the liabilities (including guaranteed options) of the ordinary long-term insurance fund. The review includes periodic estimates of changes in the yield, the proportion of with profits business and its expectation of future bonuses and the existence of additional reserves to assist in maintaining these bonuses. The assets held at the valuation date were regarded as suitable having regard to financial conditions at that date and were valued in accordance with the Insurance Companies Regulations 1981.

The amount of any mismatching reserve required would depend on the assumptions as to the extent of future changes in financial conditions and it is considered that in most circumstances it would be substantially less than the additional reserves for further future bonuses shown on Form 55.

In forming this view consideration has been given to the implications of hypothetical movements in the values placed on admissible assets at the valuation date, whether arising from changes in market sentiment for a particular investment sector or from changes in market interest rates affecting all sectors.

Minor movements would be accommodated by appropriate adjustments to the additional reserves for further future bonuses shown on Form 55. The following paragraphs would apply to the extent that more significant downward or upward movements in asset values could not appropriately be dealt with in this way.

Any further reduction in liabilities required to match a major reduction in admissible asset values would be achieved by increasing valuation rates of interest within permitted limits.

A reduction in market interest rates of such magnitude as to significantly depress the running yield on the fund might require a reduced valuation rate of interest. The resulting increase in liabilities (and solvency margin thereon) would be less than the aggregate of the additional reserves shown in Form 55 and the increase in asset values.

The hypothetical movements in asset values and interest rates used for the above purposes are in accordance with the Government Actuary's November 1985 guidelines, namely a fall of 25% in equity and property prices and a rise or fall of 3% in the rate of interest.

- b. A bonus reserve method was used for the valuation of the main classes of assurances and non-profit annuities and for the benefits secured to date under with profit annuities. The net reserves for assurances on this method with the bases given below (but before increase for the additional reserves for future bonus) have been tested against the results by a net premium method appropriate under Part VI of the Insurance Company Regulations 1981 and are approximately equal to the unzmillerised net premium reserves based on A 1967-70 mortality and interest at 4.47 per cent (net), the net premium valued being restricted to a maximum of the office premium.

The results of these tests are shown in the following table for the main types of assurance, all figures being net of reinsurance ceded. The Bonus Reserve figures include the additional reserve to eliminate negative values mentioned in (c) below.

Type of insurance	Bonus Reserve Method as shown in Form 55 £000	Net Premium Reserve £000	Margin %
With Participation in profits:			
Whole Life Assurance	5,474	4,602	40.0
Endowment Assurance	372,396	374,178	31.8
Without Participation in profits:			
Whole Life Assurance	3,563	2,112	16.6
Endowment Assurance	3,878	3,718	15.6
Total	385,311	385,310	

The margins shown above in the final column are the proportions of office premium reserved for expenses and profits in the Net Premium reserve calculations; the margins for with profit classes exceed those disclosed in column 8 of Form 55 because the latter effectively relate solely to expenses, the reserves for future profits being included in column 9 of Form 55.

The reserves for the benefits secured to date under deferred annuities with profits (before increase for the additional reserves for future bonus) are approximately equal to net premium reserves based on A 1967-70 mortality and interest at 3.25 per cent with a zillmer adjustment not exceeding the maximum permitted under the Regulations.

c. An additional reserve of £336,220 was established to eliminate negative values.

d. Assurances

A specific reserve for future bonuses of 2.18 per cent per annum (compounding annually) has been made for most with profit whole life and endowment assurances; this was achieved by reducing the rate of interest used in the calculations for values of sums assured and bonuses by 2.25 per cent. An additional reserve for further future bonuses has also been set up, having regard to the market value of the assets at the valuation date.

The following policies are entitled to reversionary bonuses at less than the full rates declared:-

- (i) with profit endowment assurances with a provision for payment of the sum assured in the event of permanent disability.
- (ii) certain low cost house purchase policies.
- (iii) certain with profit whole life and endowment assurances assured with Century Life Assurance Co Ltd and wholly reassured with the Association.

In the valuation, policies in (i) and (ii), and those policies in (iii) formerly assured with Colonial Life Assurance Co (UK) Ltd were treated in the same way as those on which the full amount of bonus would be payable in the future.

For those policies in category (iii) formerly assured with Lamont Life Assurance Co. Ltd a specific reserve for future bonuses of 0.72 per cent per annum (compounding annually) has been made by reducing the rate of interest used in the calculation for values of sums assured and bonuses by 0.75 per cent.

Limited premiums for whole life assurances have been valued using an average number of annual premiums outstanding at the valuation date for each valuation group.

For the valuation of endowment assurances, a uniform maturity age of 59½ was assumed.

Where there is an option to vary the maturity date under certain flexible endowment assurances, the business has been classified according to the earliest date. Where the earliest date was before the valuation date, the reserve was calculated as the amount (excluding final bonus) that would have been payable on the valuation date if that date had been chosen as the maturity date.

The valuation factors used included adjustments for early payment of claims where appropriate.

Temporary assurances have been valued by reserving various proportions of the office premium. These proportions have been tested against net premium calculations (on the mortality and interest assumptions described in Section 6) for the main types of temporary assurance contracts. For level term assurances by annual premiums throughout, the proportion is one year's premium. For decreasing term assurances (including income benefit policies without profits) by annual premiums throughout the proportion is one-half a year's premium, whilst for those by limited premiums (no longer issued) the proportion varies up to ten years' premiums depending on duration.

For income benefit policies with profits written on an individual basis a reserve of 40 per cent of the office premiums was made and this reserve includes that for future bonuses. The value of the existing reversionary bonuses was calculated prospectively.

For income benefit policies with profits written on a group basis reserves are calculated prospectively using a gross premium method. A specific reserve for future bonuses has been made by reducing the rate of interest used in the calculations for the value of sum assured and bonuses by 4%.

For policies subject to an extra premium, the net liability was calculated using the true age and an additional reserve of one year's extra premium was made. Policies subject to a debt were valued using the true age and the full sum assured.

Annuities

No reserve has been made for a specific rate of future bonus under with profit annuities, but future bonuses were assumed to be derived from the investment return in excess of the interest rate assumed in the valuation. However, an additional reserve for future bonuses has been set up on the lines consistent with the additional reserve for assurances.

For policies approved under Chapter III of Part XIV of the Income and Corporation Taxes Act 1988 (Retirement Annuities) the reserves were calculated by reference to the benefits already purchased or to the accumulated premiums available to purchase benefits (if benefits are not determined until death or retirement). For individual deferred annuities, some of which provide for annuities which increase, the reserves were calculated using benefits already purchased adjusted to an equivalent level annuity. For some annuities the equivalent cash amounts were valued. Where premiums are due to be returned in the event of death before vesting date but the death benefit has not been specifically recorded, interest only functions were used in the calculations in respect of the period of deferment.

For group policies where the premiums paid (less expenses) are accumulated with interest and bonus interest in a fund account until required for the provision of retirement benefits a value equal to the amount standing in such fund accounts was taken as the reserve for these policies, for some of which the amounts of prospective annuity are not ascertainable. For certain group deferred annuities under recurring single premium schemes, the amounts of pension allocated and purchased up to recent scheme anniversary dates (or the equivalent cash amounts allowing for profits in possession where applicable) were calculated and valued. Additional reserves were made in respect of unallocated premiums received since the relevant anniversaries.

Certain individual policies have been issued where an endowment assurance is effected concurrently with a temporary immediate annuity. Such policies provide for a surrender value formula based on the yield of Government Stocks and the total reserve was made by reference to this surrender value at the valuation date and apportioned between the two classes of policy. An additional reserve was made to reflect the taxation of that part of these policies which is allocated to the assurance business.

To allow for increasing cases, non-profit annuities in possession are valued at the rate of interest shown below less a mean rate of increase for the particular category and age group.

Sickness

For group permanent sickness insurance policies on a current cost basis, reserves were made of 80 per cent of all premiums paid in the year to the valuation date plus 60 per cent of all premiums paid in the immediately preceding year plus 40 per cent of all premiums paid in the next preceding year.

For group policies by level annual premium and for individual policies the reserves were obtained prospectively using a gross premium method. For policies issued at other than the basic rate for male clerical occupations, the values of the benefits (including the waiver of premium benefit) were adjusted by the ratio of the actual and basic premium rates.

In addition each claim under these insurances which had been in payment for more than one year was valued as an annuity payable until the terminal date.

Certain assurances and annuities have been issued with the facility that premiums be waived in the event of the prolonged disability of the life assured. These additional benefits have been valued by taking a multiple of the additional premiums payable for the facility.

Unit Linked Contracts

See Section 8.

Other Linked Contracts

Endowment assurances have been issued with benefits on maturity linked to the amount of a deposit account of the Association with a clearing bank. A reserve was made of the assets relating to such policies at the valuation date, plus a proportion of the premiums applicable to the guaranteed death benefit and the additional amount which will be added on maturity.

- e. At the valuation date an estimate was made of the liability for capital gains tax if all the assets of the Association were realised at the values shown on Form 13. The liability, including any liability in respect of linked business, would be approximately £4 million. The additional reserve for further future bonuses shown on Form 55 was considered more than sufficient to cover any liability to capital gains tax as and when such a liability falls due.
- f. The only investment performance guarantees under unit linked contracts are on units of the Assured Fund and the Guaranteed Retirement Account.

Units of the Assured Fund have a guaranteed redemption price of £1 at a Pension Date (which is selected in advance by the policyholder) or on earlier death. The possible impact of this guarantee is mitigated by choosing assets for the Fund which approximately immunise the guaranteed liabilities and by the mechanism for bonus calculation. The degree of any mismatch is allowed for in the computation of the mismatching reserve referred to in 5(1)a above.

The bid price of units of the Guaranteed Retirement Account is determined 2 months in advance. Such units have been valued at the highest bid price determined for members retiring in the 2 months following the Valuation date.

- g. Reserves to cover certain guarantees and options described in Section 3 were included in the reserves for the appropriate classes. For categories (d), (e), (f) and (h) a proportion of the office premiums attributable to the options has been reserved. For category (j) the cash equivalent of the benefit at the vesting date has been increased if necessary for the purpose of the valuation. For category (i) any emerging extra cost can be met by varying the rate of final bonus. For category (k) any emerging extra cost can be met by varying the rate of bonus allocated after the earliest maturity date. For other categories it was not considered that any additional reserves were necessary.

For certain categories further reserves have been set up in respect of the expected additional cost resulting from AIDS, as described in 6(1) below.

5.(2) Not applicable.

6.(1) The rates of interest used in the valuation were:-

	Rate of Interest per cent
Assurances without profits	4

Assurances with profits other than those referred to in 5.d.(iii) above	5.5
(reduced to 3.25 - see 5.d. above)	
Assurances with profits referred to in 5.d.(iii) above	5
(reduced to 2.75 or 4.25 - see 5.d. above)	
Immediate annuities without profits	8
Deferred annuities without profits	6
Immediate annuities with profits	4.5
Deferred annuities with profits	3.25
Permanent sickness insurance by annual premium	3.5
Permanent sickness insurance claims after 1 year	8

The mortality and morbidity tables employed in the valuation were:

Assurances : all classes - A 1967-70

Annuities - deferred:

(a) in deferment : non-group and group business - A 1967-70 with 4 years deducted from the age for female lives.

(b) in possession : (i) non-group business - a(90)

(ii) group business - PA(90)

Annuities in payment:

(i) non-group business - a(90) with one year deducted from age.

(ii) group business - PA(90) with three years deducted from age.

Sickness: A 1949-52 coupled with 50% of Manchester Unity (AHJ), the latter rates being those for a male life with two years added to the age.

For claims after one year the benefits are valued by A 1967-70 with five years added to the age for male lives (two years for female lives).

Ultimate tables were used for A 1967-70, A 1949-52 and a(90) tables.

Additional reserves have been set up in respect of the additional mortality and morbidity which may be experienced among existing policyholders as a result of AIDS. For this purpose it has been assumed that future mortality from AIDS will follow the Institute of Actuaries AIDS Working Party's Projection R until it reaches its peak and then remains at that peak level.

For linked contracts where the cost of death benefit is calculated using mortality rates considered appropriate from time to time and not guaranteed, no AIDS reserve is considered necessary.

In applying the projection to Sickness business it has been assumed that sickness benefit is payable for 3 years on average before death from AIDS.

For certain categories of options described in Section 3 further AIDS reserves have been set up. For temporary assurances with a guaranteed option to convert or renew without furnishing further evidence of health (categories (e) and (l)) it has been assumed that 50% of policyholders who will contract AIDS have exercised the option most expensive to the Association. For mortgage-related endowment assurances with a guaranteed option to increase the sum assured within certain limits in the event of an increase in mortgage (included in category (f)) the percentage assumed is 10%. For continuation options under group policies (category (h)) it has been assumed that 10% of the "at risk" membership leaves each year for the next 10 years (or until the expiry of the guarantee of terms for existing members if earlier), and that half of these exercise the option most expensive to the Association.

6.(2) Not applicable.

7. (a) The amounts reserved as a provision for future expenses (net of any available tax relief) for assurance classes valued prospectively were as follows:-

- (i) Main classes, premium paying £9.79
- (ii) Main classes, premiums ceased £3.90
- (iii) Certain unitised classes, (e.g. flexible endowment assurances) premium paying £1.96
- (iv) Certain unitised classes, premiums ceased £0.78

(in each case these are amounts per contract for each year until the contract becomes a claim or matures)

plus

0.15625 per cent of the sum assured for each year until the contract becomes a claim or matures

plus

3 per cent of the value of the future premiums (if any).

In unitised classes each policy is split into a number of identical contracts.

For group endowment assurances and group whole life assurances valued prospectively $12\frac{1}{2}$ per cent of the value of future premiums was reserved.

For sickness contracts valued prospectively, the amounts reserved as a provision for future expenses were as follows:-

£12.90 per contract for each year until the contract terminates

plus

5 per cent of the value of the benefits

plus

15 per cent of the value of future premiums.

For life annuities the values of annuities were increased by 3 per cent to provide for expenses when in possession and for improving mortality.

(b) & (c)

Other cases where no credit has been taken for future premiums are mainly with profit pensions contracts, for which no allowance is considered necessary because bonuses or future expense charges can be varied. For certain non-profit pension schemes for which premiums have been discontinued an additional reserve of £10 per member has been included.

(d) See Section 5(1)b: credit has been taken for premiums less than those payable by the policyholders.

The reserves for those categories of business included in Form 55 as miscellaneous, which have been valued prospectively, have been tested against the basis given in section 5(1)b for the main categories of business on a sample basis and found to be adequate.

8. (a) The reserve for each policy consists of two parts: a unit reserve and a sterling reserve for mortality and expenses.

The unit reserve is based on the full value of Ordinary units (other than Chargeable units) allocated to each policy together with the value of any Initial or Chargeable units allocated to each policy multiplied by an appropriate endowment assurance factor. The factor has a term of the number of years before the full value of the units is payable and is based on a rate of interest not exceeding the annual management charge (for Initial units) or the annual equivalent of the relevant monthly percentage charge (for Chargeable units).

The valuation prices per unit of the internal linked funds shown on form 57 are the same as those used to value the assets. In respect of certain funds the bid prices at the valuation date exceeded the valuation prices; however, the Association reserves the right, in accordance with the Fund prospectuses, to fix bid prices at levels which at the valuation date would have been below the valuation prices had it been appropriate to do so. In respect of the Assured Fund, at the valuation date the Association reserved the right, had it been appropriate to do so, to impose a discount on discontinuance before selected Pension Date which would have reduced the average prices per unit to below the valuation prices. In calculating these average prices account is taken of the guaranteed redemption price of £1 at selected Pension Date or on earlier death.

The sterling reserve is calculated from a formula derived for each contract and this formula has been tested on various assumptions and for sample cases to ensure its adequacy in aggregate (see 8b). In some instances the formula gives rise to a negative sterling reserve, but in no circumstances is the sum of the unit and sterling reserves less than the surrender value. Furthermore in no case was this sum (the total reserve) for a policy allowed to be negative.

There is no sterling reserve for the Investment Bond, the Flexible Pension Plan, the Personal Pension Plan, the Personal Pension Bond, the Executive Pension Plan and the Trustee Investment Account (1990 series).

For the Maximum Investment Plan the sterling reserve is half a year's expected death strain less the sterling surrender charge for version B and 50% of the sterling surrender charge for version A. The expected death strain is the difference between the guaranteed sum assured and the total reserve multiplied by anticipated deaths.

For the Regular Savings Plan the sterling reserve is half a year's expected death strain less 15% of one year's premium in the first year reducing linearly each month in the second year to zero.

For the High Cover Plan, the Whole Life Plan (Versions A and B) and the Flexible Mortgage Plan the sterling reserve is half a month's expected death strain less the sterling surrender charge during the first three years.

For the Individual Investment Account (1988 series), the Company Investment Account (1988 series), the Personal/Mortgage Investment Account (1989 series), the Executive Investment Account (1990 series) and the Free-Standing Investment Account (1992 series) the sterling reserve is half a month's deductions by unit cancellation. Where there is additional death benefit paid for by an additional premium, the sterling reserve includes a reserve for this on the basis described for temporary assurances in 5(1)d.

(b) Cashflow projections have been carried out to test the adequacy of the above sterling reserves on various assumptions and in particular were found to be satisfactory on the following assumptions:

- (i) Interest: 6.4% p.a. gross
- (ii) Mortality: A67-70 select
- (iii) Lapses: Nil
- (iv) Unit growth rate before management charges and deductions for tax: 7.2% p.a.
- (v) Renewal expenses in addition to commission:
 - £1.00 per month Maximum Investment Plan
 - Regular Savings Plan
 - High Cover Plan
 - Whole Life Plan (Versions A and B)
 - Flexible Mortgage Plan
 - £1.20 per month Flexible Pension Plan
 - Personal Pension Plan
 - £3.00 per month Executive Pension Plan
 - Personal Pension Bond

Allowance was also made for inflation of renewal expenses of 5% p.a. and the reserves were again found to be adequate without the necessity to increase the charges on the internal funds.

For those contracts where the Association intends to index the administration charge, it is assumed that the indexed charge will cover renewal expenses.

- 9. The proportion of mathematical reserves (other than liabilities for property linked benefits under linked contracts) as shown in Forms 55 and 56 not matched by assets in the same currency is zero.
- 10.(1) No facultative business has been transacted with reinsurers not permitted to carry on business in the U.K.
 - (2) (a) In respect of each treaty detailed below the reinsurer is permitted to carry on business in the U.K.
 - (b) There is no connection between the Company and the reinsurers named below.

(c)&(d) The following reinsurance arrangements were in force at the valuation date:-

- (i) Throughout the period to which this investigation relates reinsurance treaties were in force with the Mercantile and General Reinsurance Company plc under which any life, annuity or permanent sickness insurance business issued in the UK requiring reinsurance is ceded, either on original terms or on a risk premium basis. The maximum sum assured which may be ceded is £750,000 out-going (£400,000 for certain unit linked contracts) and £150,000 in-coming on each life. The maximum sickness benefit which may be ceded is £25,000 per annum out-going on each life for individual contracts, £32,500 per annum out-going on each life for group contracts.

The small amount of reinsurance required but not covered by treaties was offered facultatively and subsequently recorded as treaty business.

The total gross premium under the treaties in 1992 were as follows:-

Life and Annuity Business		Sickness Insurance
receivable	payable	payable
£	£	£
37,790	2,043,823	1,003,525

A refund is made on an agreed basis if claims are sufficiently below premiums paid.

- (ii) Certain group life business is reassured at Lloyds under an excess of loss arrangement on a year to year basis. The premium paid in 1992 was £13,927 but this may be varied according to variations in the sum at risk over the period of the agreement.
- (iii) Under a treaty with the British and European Insurance Co Ltd, certain endowment assurances which provide for the sum assured to be payable in the event of permanent disability and certain associated convertible term assurances are ceded by the Association on a risk premium basis and on original terms respectively. The maximum sum assured which may be ceded is £30,000 and £100,000 respectively. The premium payable in 1992 was £7,175.
- (iv) Under a treaty with The Victory Reinsurance Company Limited benefits exceeding £550,000 under the Whole Life Plan and Flexible Mortgage Plan may be ceded on a risk premium basis. The premium payable in respect of 1992 was £9,586.

- (v) The Association is party to an agreement with certain other UK insurers under which death risks arising from catastrophes are pooled. No payments were required under this agreement.
- (vi) The Association has undertaken to reassure part of the liabilities of the Prudential Assurance Co Ltd arising under an arrangement concerning the London Indemnity and General Insurance Co Ltd. No payments were required under this arrangement.
- (vii) Under agreements taking effect on 1 January 1979 and 1 January 1980 the Association has reassured the whole liability of some life assurance business of Century Life Assurance Co. Ltd. Where reassurances previously arranged have been continued they have been recorded as reassurances ceded by the Association. Premiums attributable to these arrangements in 1992 were:-

Receivable by the Association	Payable to other reassurers
£	£
128,261	23,307

- (viii) Certain group immediate annuities recorded as payable are paid on behalf of other insurance companies. In order to remove these figures, they are also recorded as reassurance ceded although there are no formal reassurance agreements and reimbursement is made periodically for the amount of money expended.

- (e) No amount has been deposited with the Company by the reinsurers named above.
- (f) No provision was considered necessary for any liability to refund reinsurance commission in the event of discontinuance of the contract.
- (g) The treaties detailed under (i) and (iv) above are open to new business. All other agreements are closed to new business.

11. Not applicable.

- 12. The Association being mutual, all the profits except for investment profits of the unit linked funds belong to the participating policyholders. The principles upon which profits are distributed among the policyholders are determined in accordance with the Rules and Regulations of the Association.

The investment profits of each of the unit linked funds are distributed in accordance with the prospectus for that fund. The profits on policies linked to those funds arising from other sources form part of the general profits of the Association.

13. The following rates of reversionary bonus have been declared in respect of 1992 for participating policies which were in force on 31 December 1992:-

Assurances

- (i) Whole life and endowment assurances (excluding those covered in (ii)) entitled to participate at the full rate: 3.00 per cent per annum calculated on participating sum assured plus 5.00 per cent per annum calculated on reversionary bonuses already declared and still attaching.

Bonuses are allotted at the above rates in respect of the year up to the policy anniversary in 1993. The corresponding rate for certain low cost endowment assurances (designated as Series B) is 1.50 per cent less than the rates shown above.

- (ii) Flexible Endowment Assurances beyond their early maturity date:

- (a) Bonus interest at the rate of 0.65 per cent for each month during 1992 which falls after the early maturity date, on the participating sum assured plus all bonuses already declared and still attaching (including any bonus under (b) below)

plus

- (b) for contracts where the early maturity date fell in 1992, a proportion of the participating sum assured plus any previous reversionary bonuses already declared and still attaching. Specimen proportions are as follows :

Where the early maturity date fell:	Policy anniversary on which <u>early maturity date fell</u>		
	5th	10th	15th
on or before 30 September	0%	39%	60%
on or after 1 October	0%	32%	52%

- (iii) Income benefit policies: The rate of bonus for 1992 is 6.00 per cent compounded annually, or any lower amount specified in the contract.

The bonus for each year is in the form of a permanent addition to the periodic payments assured by the policy (or due thereunder if the policy has become a claim) and calculated as at the anniversary of the date of assurance in the appropriate year on the amount of each periodic payment (including all previous bonus additions attaching thereto).

Annuities

(iv) Rate of bonus (%) for the year (compounded annually)

Relevant Dates in 1992	Type of Annuity			
	A	B	C	D
	7.00	5.00	6.50	7.50

The amounts are calculated at each relevant date on which a bonus is due and are based on the amount of the with-profit annuity (including all previous bonus additions thereto) secured at and purchased before the relevant date.

In addition group deferred annuities without individual allocation of benefits attract a special reversionary bonus of 1.00% of the value of funds immediately prior to the 1992 policy anniversary.

- (v) Annuities of type A comprise (a) deferred annuities with individual allocation of benefits not included in type C below (whether the contract is documented under an individual policy or under a group policy) and (b) group deferred annuities without individual allocation of benefits which are subject to the surrender conditions introduced in January 1975 or later (including contracts issued earlier which elect to adopt one of such surrender conditions). Where the surrender condition is varied after 31 December 1977 the policy shall continue to be treated as type B until such year as is agreed by the Association as the year from which it shall be treated as type A.

Annuities of type B comprise other group deferred annuities without individual allocation of benefits where the contract remains subject to a pre-1975 surrender condition.

Annuities of type C comprise retirement annuities (whether the contract is documented under an individual policy or under a group policy) approved under Chapter III of Part XIV of the Income and Corporation Taxes Act 1988 (formerly Section 226 of the Income and Corporation Taxes Act 1970) provided they are not in possession. In the application of these bonuses to a type C policy which provides for bonuses to be allocated by way of bonus interest, references to bonus are taken as references to bonus interest.

Annuities of type D comprise annuities in possession where the contract explicitly provides for participation in possession.

(vi) The relevant dates are:

Definition	Applicable to policies in deferment possession (type D)	
(a) the anniversary of the date of assurance falling in the calendar year to which the bonus relates	(1) type A or B (2) group policy of type C	(1) previously type A or B (2) previously group policy of type C which vested before 1 January 1980
(b) the policyholder's birthday in the calendar year to which the bonus relates	individual policy of type C (excluding policies covered in (d) below)	N/A
(c) the date of the first payment after 5 April falling in the calendar year to which the bonus relates.	N/A	(1) previously individual policy of type C (2) previously group policy of type C which vested on or after 1 January 1980
(d) daily during the calendar year to which the bonus relates.	individual policy of type C which receives bonus interest.	N/A

- (vii) Where appropriate, for annuities newly commencing, the annuitant receives from the date the annuity commences a proportionate bonus, at the rate applicable to annuities in deferment, in respect of the period from the last relevant date in deferment up to the date the annuity commences; the annuitant receives from the next relevant date in possession a further proportionate bonus, at the rate applicable to annuities in possession, in respect of the period from the date the annuity commences up to the first relevant date in possession.
- (viii) For type A policies involving in one contract with-profit annuities and with-profit sums assured, the bonus applicable to the sum assured is calculated (unless the policy provides otherwise) so that it is the same proportion of the sum assured as the bonus is of the annuity assured by the contract.

The foregoing arrangements do not apply to certain type A annuities to the extent that the contract explicitly provides for participation to be in a modified form or at rates derived from the aforesaid bonus rates.

14. Rates of bonus do not depend on the original term of the contract, the period the contract has been in force or the age of the life assured.
15. The special reversionary bonus applicable to group deferred annuities vests on the 1993 policy anniversary. For annuitants who had retired before 1 January 1993 bonuses had previously been granted and payable on an interim basis and have now been consolidated. For whole life and endowment assurances (except those covered in paragraph 13(ii) above) the bonus vests on the 1993 policy anniversary and is subject to the payment of any premium due prior to this anniversary. All other bonuses vest immediately.

All participating policies in force at 31 December 1992 are entitled to share in the 1993 distribution, provided they remain in force until the date the bonus vests.

16. The practice regarding interim bonuses is as follows:-

- (i) Whole life and endowment assurance policies entitled to participate at the full rate which become claims by death or maturity on and after the 1993 policy anniversary will be allowed:-
 - (a) interim bonus in respect of the number of months after the policy anniversary at the rate of 3.00 per cent per annum calculated on participating sum assured plus 5.00 per cent per annum calculated on reversionary bonuses already declared and still attaching,
 - plus
 - (b) final bonus based on the participating sum assured plus the above interim bonus and any previous reversionary bonus already declared and still attaching. Specimen rates are as follows:-

<u>Relevant Years</u>	<u>Rate Per Cent</u>
5	0.0
10	32.0
15	52.0
20	74.0
25	97.5
30	121.5
35	147.5
40	175.0
45	204.0
50	234.5
55	266.5
60	300.5

The relevant number of years is the number of 31 Decembers on which the policy has been in force as a participating policy, provided the policy has been in force for at least one year.

Certain low cost endowment assurances (designated as Series B) will be allowed reduced rates of interim and final bonuses (1.50 per cent less than the above rates and one quarter of the above scale respectively).

- (ii) For claims under participating income benefit policies an interim bonus of 6.00 per cent per annum, or any lower amount specified in the contract, will be added in respect of policy years completed in 1993 or later. The bonus for each year is in the form of an addition to the periodic payments assured by the policy (or due thereunder if the policy has become a claim) and calculated as at the anniversary of the date of assurance in the appropriate year on the amount of each periodic payment (including all previous bonus additions attaching thereto).
- (iii) For flexible endowment assurances beyond their early maturity date the following bonuses will be added to claims by death or maturity:-

A. interim bonus comprising:

- (a) bonus interest at the rate of 0.55% for each month during 1993 which falls after the early maturity date, on the participating sum assured plus all bonuses already declared and still attaching (including any bonus under (b) below)

plus

- (b) for contracts where the early maturity date falls in 1993 prior to the claim, a proportion of the participating sum assured plus any previous reversionary bonuses already declared and still attaching. Specimen proportions are as follows:

	Policy anniversary on which <u>early maturity date falls</u>		
	5th	10th	15th
Proportion:	0%	32%	52%

B. final bonus at the rate of 10% of bonus interest additions made after the early maturity date.

- (iv) For relevant dates in 1993, an interim bonus will be added to participating annuities described below at the annual rate of (Type A) 6.00 per cent, (Type B) 4.00 per cent, (Type C) 5.50 per cent or (Type D) 6.50 per cent. In addition certain annuities which vest on and after 1 January 1993 will receive a final bonus at the following rates per cent of reversionary and interim bonuses:-

	<u>Bonuses Allotted Prior to age 65</u>	<u>Bonuses Allotted After age 65</u>
Annuities of Type A with individual allocation of benefits	90	90
Individual Annuities of Type C	105	90
Group Annuities of Type C	110	95

Where benefits under such policies vest

- (a) within 60 months of commencement the rates per cent above shall be reduced by 90.
- (b) within 120 months of commencement but more than 60 months after commencement the rates per cent above shall be reduced by $20 + M \times 7/6$, where M is the number of months (including any part month) by which the period of participation falls short of 120 months.
- (c) within 180 months of commencement but more than 120 months after commencement the rates per cent above shall be reduced by $M/3$, where M is the number of months (including any part month) by which the period of participation falls short of 180 months.

The method of allotment and the relevant dates will be as described in paragraph 13 above.

(v) Participating policies are entitled to interim bonus as follows:-

- (a) Whole life and endowment assurances, including policies assured with Century Life Assurance Co Ltd and wholly reassured with the Association, when not less than one full year's premium has been paid.
- (b) Individual Retirement Annuities are entitled to interim bonus.
- (c) Other assurances and annuities, when the policy has been in force for at least one year.

17. See Forms 55, 56 and 57.

18. See Form 58.

19. See Form 60. The Company does not write Supplementary Accident and Sickness Insurance.

FARNHAM
Chairman

P.BARING
Deputy Chairman

B. RICHARDSON
Director and General Manager

J.D.NEVILLE
Actuary

Valuation summary of non-linked contracts

Form 55 (i)

GLOBAL BUSINESS

ORDINARY LONG TERM FUND - DIRECT BUSINESS AND REASSURANCE ACCEPTED

08

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities, including vested reversionary bonuses		Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table		5	6	7	8		9	10	11	12	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
LIFE ASSURANCE BUSINESS													
With participation													
in profits :													
Whole Life Assurance	5.5% / 3.25%	A57 - 70	4,943	11,980,405	231,787	161,600	0.303	6,819,826	1,924,303	1,341,608	5,478,218		
Endowment Assurance	5.5% / 3.25%	A57 - 70	195,377	1,097,236,223	47,220,279	42,825,591	0.093	728,274,392	392,739,356	356,187,960	372,086,432		
Miscellaneous Non-Group (Double Counted)	-	-	208	129,711	163	-	-	489	-	-	-	489	
Miscellaneous Non-Group	-	-	29,58	121,167,844	1,161,970	747,275	-	20,603,075	764,911	609,216	19,993,859		
Miscellaneous Group	-	-	21	1,052,911,995	1,030,648	822,419	-	17,351,663	13,930,838	11,106,414	6,245,195		
Total With Profits	-	-	230,107	2,283,426,178	49,644,847	44,556,884	-	773,049,391	409,359,408	369,245,198	403,804,193		

Instructions for the completion of Form 55 are given in the Appendix.

Valuation summary of non-linked contracts

GLOBAL BUSINESS

ORDINARY LONG TERM FUND - DIRECT BUSINESS AND REASSURANCE ACCEPTED

C8

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities, including vested reversionary bonuses		Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table		Office premiums	Net premiums	Office premiums	Net premiums		Office premiums	Net premiums			
1	2	3	4	5	6	7	8	9	10	11	12	£	
LIFE ASSURANCE BUSINESS													
Without participation in profits :													
Whole Life Assurance	4%	A67 - 70	4,484	10,513,397	183,196	105,104	0.426	4,872,518	1,870,278	1,073,926	3,799,492		
Endowment Assurance	4%	A67 - 70	1,948	5,864,070	171,129	138,139	0.193	4,632,415	842,122	679,777	3,952,638		
Endowment Assurance (Bonds)	-	-	9	68,200	6,010	-	-	63,178	-	-	63,178		
Miscellaneous Non-Group (Double Counted)	-	-	108,465	589,324,926	1,762,625	-	-	916,964	-	-	916,944		
Miscellaneous Non-Group	-	-	23,074	509,854,476	2,293,561	16,504	-	2,736,430	193,887	147,220	2,589,210		
Miscellaneous Group	-	-	56	388,539,683	731,702	-	-	807,099	-	-	807,099		
Total Non Profit	-	-	138,036	1,504,164,752	5,148,223	259,747	-	14,028,604	2,906,287	1,900,023	12,128,581		
Extra Premiums													
Additional Reserve to eliminate negative values	-	-	-	-	260,482	-	-	260,482	-	-	260,482		
Additional Reserve for AIDS	-	-	-	-	-	-	-	336,220	-	-	336,220		
Additional Reserve for further future bonuses	-	-	-	-	-	-	-	14,000,000	-	-	14,000,000		
TOTAL LIFE ASSURANCE BUSINESS	-	-	368,143	3,787,590,930	55,053,552	44,816,632	-	813,674,697	412,265,695	371,145,221	442,529,476		

Instructions for the completion of Form 55 are given in the Appendix.

Instructions for the completion of Form 55 are given in the Appendix.

Valuation summary of non-linked contracts

GLOBAL BUSINESS

ORDINARY LONG TERM FUND - REASSURANCE CEDED

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses		Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or disability table		5	6	7	8		9	10	11	12		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
LIFE ASSURANCE BUSINESS														
With participation in profits:														
Whole Life Assurance	5.5% / 3.25%	A67 - 70	-	6,222	74	59	0.202	3,889	198	158	3,731			
Endowment Assurance	5.5% / 3.25%	A67 - 70	-	38,074	783	729	0.069	30,552	4,172	3,883	26,669			
Miscellaneous Non-Group	-	-	-	17,443,077	55,446	2,214	-	160,509	26,542	26,021	136,488			
Miscellaneous Group	-	-	-	106,049,791	139,195	110,480	-	1,792,517	1,750,426	1,385,099	407,418			
Total With Profits	-	-	-	123,537,164	195,498	113,482	-	1,987,467	1,781,338	1,413,161	574,306			

Instructions for the completion of form 55 are given in the Appendix.

Valuation summary of non-linked contracts

GLOBAL BUSINESS

ORDINARY LONG TERM FUND - REASSURANCE CEDED

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums		
1	2	3	4	5	6	7	8	9	10	11	12	13
LIFE ASSURANCE BUSINESS												
Without participation in profits :												
Whole Life Assurance	4%	A67 - 70	-	519,314	13,542	11,762	0.131	308,678	82,844	71,957	236,721	
Endowment Assurance	4%	A57 - 70	-	97,622	2,844	2,566	0.098	82,466	8,963	8,088	74,378	
Miscellaneous Non-Group	-	-	-	30,643,197	209,726	17,701	-	929,387	156,026	131,660	797,727	
Miscellaneous Group	-	-	-	155,337,140	246,242	-	-	123,122	-	-	123,122	
Total Non Profit	-	-	-	186,597,273	472,354	32,030	-	1,443,653	247,833	211,705	1,231,948	
Extra Premiums	-	-	-	-	40,944	-	-	40,944	-	-	40,944	
TOTAL LIFE ASSURANCE BUSINESS	-	-	-	310,134,437	708,796	145,512	-	3,472,064	2,029,171	1,624,866	1,847,198	

Instructions for the completion of Form 55 are given in the Appendix.

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses		Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or disability table		5	£	Office premiums	Net premiums		9	£	10	£	11	£
1	2	3	4	5	£	6	7	8	9	£	10	£	11	£
GENERAL ANNUITY BUSINESS														
With participation in profits :														
Deferred Annuities	3.25% / 6%	A67-70 a(90)	1,257	328,800 p.a		3,276		-	2,586,372		-		-	2,586,372
Miscellaneous Non-Group Pension Annuities in Payment	-		49	48,515 p.a		13,947		-	1,269,973		-		-	1,269,973
Miscellaneous Group	4.5%	PA(90) - 3 Years	3	24,284 p.a		-		-	277,842		-		-	277,842
	-		16	21,085 p.a		1,800		-	135,436		-		-	135,436
Total With Profits	-	-	1,325	422,684 p.a		19,023		-	4,269,623		-		-	4,269,623
Without participation in profits :														
Deferred Annuities	6%	A67-70 a(90)	846	156,367 p.a		630	262	-	1,321,207		1,145	1,088	-	1,320,119
Single Life Annuities in Payment for Life Joint Life & Last Survivor Annuities	8%	a(90) - 1 Year	1,453	702,851 p.a		-	-	-	4,651,727		-	-	-	4,651,727
Temporary Life Annuities (Bonds)	8%	a(90) - 1 Year	116	75,844 p.a		-	-	-	607,740		-	-	-	607,740
Temporary Life Annuities	8%	a(90) - 1 Year	92	136,620 p.a		-	-	-	280,019		-	-	-	280,019
Miscellaneous Non-Group Pension Annuities in Payment for Life	-		18	19,716 p.a		766		-	13,192		-	-	-	13,192
	-		145	95,859 p.a		-		-	466,186		-	-	-	466,186
Miscellaneous Group	8%	PA(90) - 3 Years	37	52,386 p.a		-		-	330,099		-	-	-	330,099
	-		75	33,978 p.a		-		-	528,689		-	-	-	528,689
Total Non Profit	-	-	2,782	1,271,621 p.a		1,396	262	-	8,198,859		1,145	1,088	-	8,197,771
TOTAL GENERAL ANNUITY BUSINESS	-	-	4,107	1,694,305 p.a		20,419	262	-	12,468,482		1,145	1,088	-	12,467,394

Instructions for the completion of Form 55 are given in the Appendix.

Valuation summary of non-linked contracts

GLOBAL BUSINESS

Form 55 (vi)

ORDINARY LONG TERM FUND - REASSURANCE CEDED

08

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses		Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or disability table		£	£	Office premiums	Net premiums		£	£	Office premiums	Net premiums	£	£
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
GENERAL ANNUITY BUSINESS														
With participation in profits :														
Deferred Annuities	3.25% / 6%	A67-70 a(90)	-	1,803 p.a	-	-	-	16,739	-	-	-	-	16,739	-
Total With Profit	-	-	-	1,803 p.a	-	-	-	16,739	-	-	-	-	16,739	-
Without participation in profits :														
Deferred Annuities	6%	A67-70 a(90)	-	193 p.a	-	-	-	1,980	-	-	-	-	1,980	-
Single Life Annuities in Payment for Life	8%	a(90) - 1 Year	-	4,753 p.a	-	-	-	27,447	-	-	-	-	27,447	-
Joint Life & Last Survivor Annuities in Payment for Life	8%	a(90) - 1 Year	-	2,570 p.a	-	-	-	17,620	-	-	-	-	17,620	-
Miscellaneous Non-Group Pension Annuities in Payment for Life	8%	PA(90) - 3 Years	-	2,788 p.a	-	-	-	9,200	-	-	-	-	9,200	-
Total Non Profit	-	-	-	1,185 p.a	-	-	-	6,188	-	-	-	-	6,188	-
TOTAL GENERAL ANNUITY BUSINESS	-	-	-	11,489 p.a	-	-	-	62,435	-	-	-	-	62,435	-
	-	-	-	13,292 p.a	-	-	-	79,174	-	-	-	-	79,174	-

Instructions for the completion of Form 55 are given in the Appendix.

Valuation summary of non-linked contracts

Form 55 (vii)

GLOBAL BUSINESS

ORDINARY LONG TERM FUND - DIRECT BUSINESS AND REASSURANCE ACCEPTED

08

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or disability table			Office premiums	Net premiums		Office premiums	Net premiums				
1	2	3	4	5	6	7	8	9	10	11	12	£	£
PENSION BUSINESS													
With participation in profits :													
Deferred Annuities	3.25% / 6%	A67-70 a(90)	1,168	1,135,447 p.a.	22,446	-	-	9,509,507	-	-	-	9,509,507	
Deferred Annuities - Cash Contract	3.25%	A67-70	12,083	-	7,791,772	-	-	202,144,454	-	-	-	202,144,454	
- ditto -adjustments	-	-	-	-	-	-	-	5,297,000	-	-	-	5,297,000	
Deferred Annuities - Cash Accumulation	-	-	6,815	-	8,584,707	-	-	128,403,058	-	-	-	128,403,058	
Retirement Annuities in Deferment	3.25%	A67-70 a(90)	1,479	-	33,488	-	-	8,086,758	-	-	-	8,086,758	
Retirement Annuities - Cash Accumulation	-	-	28,026	-	6,679,266	-	-	165,739,815	-	-	-	165,739,815	
Single Life Annuities in Payment for Life	4.5%	a(90) - 1 Year	1,755	3,111,681 p.a.	-	-	-	34,785,389	-	-	-	34,785,389	
Joint Life and Last Survivor Annuities in Payment for Life	4.5%	a(90) - 1 Year	120	448,431 p.a.	-	-	-	6,670,896	-	-	-	6,670,896	
Miscellaneous Non-Group Assurances(Double counted)	-	-	299	914,328	1,569	-	-	1,569	-	-	-	1,569	
Miscellaneous Non-Group Assurances	-	-	382	409,455	-	-	-	271,883	-	-	-	271,883	
Miscellaneous Non-Group Annuities	-	-	107	815,700 p.a.	1,723	-	-	3,465,830	-	-	-	3,465,830	
Total Carried Forward to 55(viii)	-	-	52,234	1,323,783	23,114,971	-	-	564,376,159	-	-	-	564,376,159	
				5,511,259 p.a.									

Instructions for the completion of Form 55 are given in the Appendix.

Valuation summary of non-linked contracts

Form 55 (viii)

GLOBAL BUSINESS

ORDINARY LONG TERM FUND - DIRECT BUSINESS AND REASSURANCE ACCEPTED

08

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves					
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums						
1	2	3	4	£	£	£	8	£	9	£	10	£	11	£	12	£
PENSION BUSINESS																
With participation in profits :																
Total brought forward from 55(vii)																
	-	-	52,234	1,323,783	23,114,971	-	-	564,376,159	-	-	-	-	-	-	-	564,376,159
5,511,259 p.a.																
Group Pension																
Deferred Annuities	3.25%	A67-70	910	-	20,289,305	-	-	401,123,992 (12,813,064)	-	-	-	-	-	-	-	401,123,992 (12,813,064)
Cash Contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- ditto -adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group Pension																
Deferred Annuities	3.25%	A67-70	249	-	6,185,340	-	-	53,224,870	-	-	-	-	-	-	-	53,224,870
- Cash Accumulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group Pension Deferred																
Allocation of Premiums	-	-	436	72,098,358 p.a.	15,358,052	-	-	244,045,017	-	-	-	-	-	-	-	244,045,017
Group Pension Annuities																
in Payment for Life	4.5%	PA(90) - 3 Years	126	15,557,904 p.a.	-	-	-	197,346,684	-	-	-	-	-	-	-	197,346,684
Miscellaneous Group	-	-	3	41,354 p.a.	-	-	-	1,902,909	-	-	-	-	-	-	-	1,902,909
Total With Profits																
	-	-	53,958	1,323,783	64,947,668	-	-	1,449,206,567	-	-	-	-	-	-	-	1,449,206,567
				93,208,915 p.a.												

Instructions for the completion of Form 55 are given in the Appendix.

Valuation summary of non-linked contracts
GLOBAL BUSINESS

Form 55 (ix)

ORDINARY LONG TERM FUND - DIRECT BUSINESS AND REASSURANCE ACCEPTED

08

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or disability table			Office premiums	Net premiums		Office premiums	Net premiums				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
PENSION BUSINESS													
Without participation in profits:													
Deferred Annuities	6%	A67-70 a(90)	5,982	1,281,000 p.a.	96	23	-	9,506,171	99	94	9,506,077		
Retirement Annuities in Deferral	6%	A67-70 a(90)	89	45,753 p.a.	-	-	-	211,040	-	-	211,040		
Single Life Annuities in Payment for Life and Last Survivor Annuities	8%	a(90) - 1 Year	9,030	11,007,603 p.a.	-	-	-	98,831,769	-	-	98,831,769		
in Payment for Life Miscellaneous	8%	a(90) - 1 Year	449	714,906 p.a.	-	-	-	8,719,937	-	-	8,719,937		
Non-Group Assurances	-	-	4,482	426,059,936	2,231,649	-	-	2,968,464	-	-	2,968,464		
Miscellaneous (Double Counted)	-	-	22,430	4,795,482	26,790	-	-	99,564	-	-	99,564		
Non-Group Annuities	-	-	1,032	2,408,555 p.a.	2,208	-	-	13,821,909	-	-	13,821,909		
Group Pension	6%	A67-70 PA(90)	692	6,730,810 p.a.	1,126	-	-	37,382,927	-	-	37,382,927		
- ditto - adjustments	-	-	-	-	-	-	-	2,054,083	-	-	2,054,083		
Group Pension Annuities in Payment for Life	8%	PA(90) - 3 Years	396	18,079,596 p.a.	-	-	-	183,179,071	-	-	183,179,071		
Miscellaneous	-	-	191	2,158,463,660	7,233,030	-	-	7,162,051	-	-	7,162,051		
Group Assurances	-	-	5	92,736 p.a.	-	-	-	295,347	-	-	295,347		
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-		
Group Annuities	-	-	-	-	-	-	-	-	-	-	-		
Total Non Profit	-	-	44,778	2,559,319,058	9,494,899	23	-	364,232,333	99	94	364,232,339		
40,361,039 p.a.													
Additional Reserve for AIDS	-	-	-	-	-	-	-	4,500,000	-	-	4,500,000		
Additional Reserve for further future bonuses	-	-	-	-	-	-	-	44,000,000	-	-	44,000,000		
TOTAL PENSION BUSINESS	-	-	98,736	2,590,642,841	74,442,567	23	-	1,861,938,900	99	94	1,861,938,806		
133,569,954 p.a.													

Instructions for the completion of Form 55 are given in the Appendix.

Valuation summary of non-linked contracts

Form 55 (x)

GLOBAL BUSINESS

ORDINARY LONG TERM FUND - REASSURANCE CEDED

08

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums		
1	2	3	4	5	6	7	8	9	10	11	12	£
PENSION BUSINESS												
Without participation in profits :												
Single Life Annuities in Payment for Life and Last Survivor Annuities in Payment for Life	8%	a(90) - 1 Year	-	113,643 p.a.	-	-	-	724,590	-	-	-	724,590
Miscellaneous Non-Group Assurances	8%	a(90) - 1 Year	-	15,071 p.a.	-	-	-	409,469	-	-	-	409,469
Miscellaneous Non-Group Annuities	-	-	-	56,462,965	274,919	11	-	47,971	109	94	-	47,977
Group Pension Annuities in Payment for Life	-	-	-	33,442 p.a.	273	-	-	98,193	-	-	-	98,193
Miscellaneous Group Assurances	8%	PA(90) - 3 Years	-	123,908 p.a.	-	-	-	2,934,414	-	-	-	2,934,414
	-	-	-	573,353,198	1,754,034	-	-	882,174	-	-	-	882,174
TOTAL PENSION BUSINESS												
	-	-	-	529,816,163	2,029,226	11	-	5,096,811	109	94	-	5,096,717
				286,064 p.a.								

Instructions for the completion of Form 55 are given in the Appendix.

Valuation summary of non-linked contracts

GL BAL BUSINESS

ORDINARY LONG TERM FUND - DIRECT BUSINESS AND REASSURANCE ACCEPTED

08

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or disability table			Office premium	Net premiums		Office premium	Net premiums				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
PERMANENT HEALTH BUSINESS													
Without participation in profits:													
Miscellaneous Non-Group	3.5%	A49/52 Manchester Unity	3,638	20,247,231 p.a.	514,627	364,631	-	6,671,164	5,588,711	3,959,792	2,711,372		
Miscellaneous Group	-	-	139	65,757,586 p.a.	992,612	-	-	16,977,638	-	-	16,977,638		
Additional Reserve for AIDS	-	-	-	-	-	-	-	500,000	-	-	500,000		
TOTAL PERMANENT HEALTH BUSINESS	-	-	3,777	86,004,817 p.a.	1,507,239	364,631	-	24,148,802	5,588,711	3,959,792	20,189,010		

Instructions for the completion of Form 55 are given in the Appendix.

Valuation summary of non-linked contracts

GLOBAL BUSINESS

ORDINARY LONG TERM FUND - REASSURANCE CEDED

Form 55 (xii)

08

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premium	Net premiums		Office premium	Net premiums			
1	2	3	4	5	6	7	8	9	10	11	12	13
PERMANENT HEALTH BUSINESS												
Without participation in profits :												
Miscellaneous Non-Group	3.5%	A49/52 Manchester Unity	-	8,120,163 p.a.	167,998	134,030	-	2,440,429	1,797,617	1,433,835	-	1,006,594
Miscellaneous Group	-	-	-	32,030,994 p.a.	490,719	-	-	3,296,909	-	-	-	3,296,909
TOTAL PERMANENT HEALTH BUSINESS	-	-	-	40,151,157 p.a.	658,717	134,000	-	5,737,338	1,797,617	1,433,835	-	4,303,503

Instructions for the completion of form 55 are given in the Appendix.

Valuation summary of non-linked contracts

GLOBAL BUSINESS

ORDINARY LONG TERM FUND - SUMMARY

Form 55 (xiii)

08

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or disability table			Office premiums	Net premiums		Office premiums	Net premiums				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
LIFE ASSURANCE BUSINESS NET	-	-	368,143	3,477,456,493	54,344,756	44,671,120	-	810,202,633	410,236,524	369,520,355	440,682,278		
GENERAL ANNUITY BUSINESS NET	-	-	4,107	1,681,013 p.a.	20,419	262	-	12,389,308	1,145	1,088	12,388,220		
PENSION BUSINESS NET	-	-	98,736	1,960,826,678	72,413,341	12	-	1,856,842,089	(10)	-	1,856,842,089		
				133,283,890 p.a.									
PERMANENT HEALTH BUSINESS NET	-	-	3,777	45,853,660 p.a.	848,522	230,631	-	18,411,464	3,791,094	2,525,957	15,885,507		
TOTAL	-	-	474,763	5,438,283,171	127,627,038	44,902,025	-	2,697,845,494	414,028,753	372,047,400	2,325,798,094		
				180,818,563 p.a.									

Instructions for the completion of Form 55 are given in the Appendix.

NOTES TO FORM 55

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1. Except where reassurances ceded are indicated, the foregoing figures relate to direct business in the U.K. plus, where appropriate, reassurance accepted.
2. The total number of contracts shown in column 4 exceeds the actual number by 131,464 because contracts consisting of a combination of different types of insurance are treated as a number of separate contracts. This figure comprises :-
 

|                           |         |
|---------------------------|---------|
| Life Assurance Business   | 108,673 |
| Pension Business          | 22,729  |
| Permanent Health Business | 62      |
3. An approximation to the current sums assured is shown for decreasing temporary assurances.
4. The full prospective pension is shown for all deferred annuities ( estimated in some instances ), other than some for which no figure is ascertainable.
5. For group deferred annuities the amount of yearly office premiums is the sum of the latest ascertained annual rates for level annual premiums and recurrent single premiums.
6. Ultimate mortality tables have been used where appropriate.

## Valuation summary of linked contracts

Form 56 (i)

## GLOBAL BUSINESS

## ORDINARY LONG TERM FUND - DIRECT BUSINESS AND REASSURANCE CEDED

OB

| Name of Contract                         | Valuation Basis  |                 | Number of contracts | Amount of Sums Assured |                  |                        | Amount of Annual Premium |              | Category of Unit Link | Unit Liability | Non-Unit Liabilities   |                        | Amount of Mathematical reserves |
|------------------------------------------|------------------|-----------------|---------------------|------------------------|------------------|------------------------|--------------------------|--------------|-----------------------|----------------|------------------------|------------------------|---------------------------------|
|                                          | Rate of interest | Mortality table |                     | Guaranteed on Death    | Current on Death | Guaranteed on Maturity | Office premiums          | Net premiums |                       |                | Mortality and Expenses | Options and Guarantees |                                 |
| 1                                        | 2                | 3               | 4                   | 5                      | 6                | 7                      | 8                        | 9            | 10                    | 11             | 12                     | 13                     | 14                              |
|                                          |                  |                 |                     | £                      | £                | £                      | £                        | £            |                       | £              | £                      | £                      | £                               |
| <b>LIFE ASSURANCE BUSINESS</b>           |                  |                 |                     |                        |                  |                        |                          |              |                       |                |                        |                        |                                 |
| <b>(i) Whole Life Assurance</b>          |                  |                 |                     |                        |                  |                        |                          |              |                       |                |                        |                        |                                 |
| Investment Bond                          | -                | -               | 450,913             | -                      | 313,084,536      | -                      | -                        | -            | Internal Fund         | 305,336,698    | -                      | -                      | 305,336,698                     |
| High Cover Plan                          | -                | A67-70          | 20                  | 302,359                | 302,359          | -                      | 4,725                    | -            | Internal Fund         | 41,505         | 23                     | -                      | 41,528                          |
| Whole Life Plan (Version A)              | -                | A67-70          | 7,693               | 172,225,189            | 172,228,902      | -                      | 1,445,470                | -            | Internal Fund         | 3,915,779      | (69,423)               | -                      | 3,846,356                       |
| Whole Life Plan (Version B)              | -                | A67-70          | 3,848               | 82,589,022             | 82,589,022       | -                      | 647,052                  | -            | Internal Fund         | 1,284,509      | (18,712)               | -                      | 1,266,197                       |
| Flexible Mortgage Plan                   | -                | A67-70          | 5,670               | 126,564,393            | 126,581,284      | -                      | 2,425,331                | -            | Internal Fund         | 7,497,261      | 13,788                 | -                      | 7,511,029                       |
| <b>(ii) Endowment Assurance</b>          |                  |                 |                     |                        |                  |                        |                          |              |                       |                |                        |                        |                                 |
| Maximum Investment Plan                  | -                | A67-70          | 157,348             | 77,143,225             | 87,208,383       | -                      | 10,302,048               | -            | Internal Fund         | 62,460,056     | (1,558,769)            | -                      | 60,901,287                      |
| Personal / Mortgage Inv A/C              | -                | A67-70          | 99,305              | 293,056,427            | 293,067,338      | -                      | 6,665,424                | -            | Internal Fund         | 7,308,125      | 41,832                 | -                      | 7,349,957                       |
| Regular Savings Plan                     | -                | A67-70          | 433                 | 1,047,281              | 1,106,239        | -                      | 91,956                   | -            | Internal Fund         | 869,259        | 419                    | -                      | 869,678                         |
| Nest Egg Plan                            | -                | -               | 212                 | 865,261                | 865,261          | -                      | 57,420                   | -            | +                     | 722,731        | 11,401                 | -                      | 734,132                         |
| Miscellaneous                            | -                | A67-70          | 108                 | 295,920                | 296,139          | -                      | 39,456                   | -            | Internal Fund         | 124,350        | (522)                  | -                      | 123,823                         |
| Extra Premium                            | -                | -               | -                   | -                      | -                | -                      | 9,750                    | -            | -                     | -              | 9,750                  | -                      | 9,750                           |
| <b>Less Reassurance Ceded</b>            |                  |                 |                     |                        |                  |                        |                          |              |                       |                |                        |                        |                                 |
|                                          |                  |                 |                     | 725,550                | 754,089,077      | 1,077,329,463          | 21,688,632               | -            |                       | 389,560,653    | (1,570,213)            | -                      | 387,990,440                     |
|                                          |                  |                 | -                   | 21,741,959             | 21,741,959       | -                      | 61,804                   | -            |                       | -              | 4,450                  | -                      | 4,450                           |
| <b>TOTAL NET LIFE ASSURANCE BUSINESS</b> |                  |                 |                     |                        |                  |                        |                          |              |                       |                |                        |                        |                                 |
|                                          |                  |                 | 725,550             | 732,347,118            | 1,055,587,504    | -                      | 21,626,828               | -            |                       | 389,560,653    | (1,574,663)            | -                      | 387,985,990                     |

+ Benefits are linked to a bank deposit account and are not utilised. Instructions for the completion of Form 56 are given in the Appendix.

## Valuation summary of linked contracts

Form 56 (ii)

GLOBAL BUSINESS

08

## ORDINARY LONG TERM FUND - DIRECT BUSINESS AND REASSURANCE CEDED

| Name of Contract                                       | Valuation Basis                  | Number of contracts | Amount of Sums Assured |                  |                        |                 | Amount of Annual Premium |                        | Category of Unit Link           | Unit Liability | Non-Unit Liabilities   |    |               | Amount of Mathematical reserves |
|--------------------------------------------------------|----------------------------------|---------------------|------------------------|------------------|------------------------|-----------------|--------------------------|------------------------|---------------------------------|----------------|------------------------|----|---------------|---------------------------------|
|                                                        |                                  |                     | Guaranteed on Death    | Current on Death | Guaranteed on Maturity | Office premiums | Net premiums             | Mortality and Expenses |                                 |                | Options and Guarantees |    |               |                                 |
| 1                                                      | 2                                | 3                   | 4                      | 5                | 6                      | 7               | 8                        | 9                      | 10                              | 11             | 12                     | 13 | 14            |                                 |
|                                                        | Rate of Mortality interest table |                     |                        | £                | £                      | £               | £                        | £                      |                                 | £              | £                      | £  | £             |                                 |
| PENSION BUSINESS                                       |                                  |                     |                        |                  |                        |                 |                          |                        |                                 |                |                        |    |               |                                 |
| =====                                                  |                                  |                     |                        |                  |                        |                 |                          |                        |                                 |                |                        |    |               |                                 |
| Deferred Annuity                                       |                                  |                     |                        |                  |                        |                 |                          |                        |                                 |                |                        |    |               |                                 |
| Flexible Pension Plan                                  | -                                | -                   | 6,105                  | -                | 15,397,987             | -               | 899,930                  | -                      | Internal Fund                   | 13,527,150     | -                      | -  | 13,527,150    |                                 |
| Personal Pension Plan                                  | -                                | -                   | 5,310                  | -                | 15,968,508             | -               | 817,742                  | -                      | Internal Fund                   | 14,441,199     | -                      | -  | 14,441,199    |                                 |
| Executive Pension Plan                                 | -                                | -                   | 4,934                  | -                | 148,012,723            | -               | 7,958,899                | -                      | Internal Fund                   | 138,553,687    | -                      | -  | 138,553,687   |                                 |
| Personal Pension Bond                                  | -                                | -                   | 137                    | -                | 5,022,484              | -               | -                        | -                      | Internal Fund                   | 4,992,503      | -                      | -  | 4,992,503     |                                 |
| Individual Investment Account                          | -                                | A67-70              | 1,333,918              | 312,475,474      | 859,552,753            | -               | 38,816,742               | -                      | Internal Fund                   | 530,812,228    | 142,156                | -  | 530,954,384   |                                 |
| Free Standing Investment Account                       | -                                | A67-70              | 557                    | 1,426,800        | 1,670,257              | -               | 556,514                  | -                      | Internal Fund                   | 128,229        | 872                    | -  | 129,101       |                                 |
| Executive Investment Account                           | -                                | A67-70              | 1,813                  | 31,205,532       | 52,068,320             | -               | 5,338,216                | -                      | Internal Fund                   | 19,440,008     | 9,433                  | -  | 19,449,441    |                                 |
| Trustee Investment Account                             | -                                | A67-70              | 249                    | -                | 12,934,557             | -               | -                        | -                      | Internal Fund                   | 12,856,171     | -                      | -  | 12,856,171    |                                 |
| Company Investment Account                             | -                                | A67-70              | 223                    | 93,057,014       | 384,023,287            | -               | 62,026,559               | -                      | Internal Fund                   | 292,311,183    | 213,111                | -  | 292,524,294   |                                 |
| Company Investment Account - G'reed Retirement Account | -                                | A67-70              | -                      | 73,000           | 900,449                | 833,920         | 3,911                    | -                      | G'reed Retirement Internal Fund | 833,920        | 713                    | -  | 834,633       |                                 |
| Miscellaneous Group                                    | -                                | -                   | 1                      | -                | 4,034,726              | -               | 494,513                  | -                      | -                               | 4,012,150      | -                      | -  | 4,012,150     |                                 |
| Extra Premium                                          | -                                | -                   | -                      | -                | -                      | -               | 2,181                    | -                      | -                               | -              | 2,181                  | -  | 2,181         |                                 |
|                                                        |                                  |                     |                        |                  |                        |                 |                          |                        |                                 |                |                        |    |               |                                 |
| Less Reassurance Ceded                                 |                                  |                     | -                      | 18,424,702       | 18,424,702             | -               | 47,481                   | -                      | -                               | -              | 1,978                  | -  | 1,978         |                                 |
|                                                        |                                  |                     |                        |                  |                        |                 |                          |                        |                                 |                |                        |    |               |                                 |
| TOTAL NET PENSION BUSINESS                             |                                  |                     | 1,353,247              | 438,237,820      | 1,499,586,051          | 833,920         | 116,915,207              | -                      | 1,031,908,428                   | 368,466        | -                      | -  | 1,032,276,894 |                                 |
|                                                        |                                  |                     |                        |                  |                        |                 |                          |                        |                                 |                |                        |    |               |                                 |
| TOTAL LINKED BUSINESS                                  |                                  |                     | 1,353,247              | 419,813,118      | 1,481,161,349          | 833,920         | 116,867,726              | -                      | 1,031,908,428                   | 366,488        | -                      | -  | 1,032,274,916 |                                 |
|                                                        |                                  |                     |                        |                  |                        |                 |                          |                        |                                 |                |                        |    |               |                                 |
| TOTAL LINKED BUSINESS                                  |                                  |                     | 2,078,797              | 1,152,160,236    | 2,536,748,853          | 833,920         | 138,494,554              | -                      | 1,421,469,081                   | (1,208,175)    | -                      | -  | 1,420,260,906 |                                 |

Instructions for the completion of Form 56 are given in the Appendix.

NOTE TO FORM 56

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The values of units included in column 11 at discounted values, and the undiscounted values of these units based on the valuation unit prices, are as follows :

Initial Units -----	Discounted ----- £	Undiscounted ----- £
Life Assurance Business	4,911,659	11,863,346
Pension Business	24,425,833	36,277,585

Ordinary Units -----	Valuation rate of interest -----		
Life Business			
0.30% Chargeable	3.60% p.a.	2,667,621	4,852,984
0.26% Chargeable	3.12% p.a.	603,619	1,023,342
0.20% Chargeable	2.40% p.a.	1,701,510	2,538,749
Pension Business			
0.70% Chargeable	8.40% p.a.	5,454,936	18,252,169
0.63% Chargeable	7.56% p.a.	1,031,462	3,140,445
0.50% Chargeable	6.00% p.a.	10,303,677	27,324,622
0.40% Chargeable	4.80% p.a.	83,416	181,263
0.30% Chargeable	3.60% p.a.	189,491	311,567

Instructions for the completion of Form 56 are given in the Appendix.

GLOBAL BUSINESS

ORDINARY LONG TERM BUSINESS

08

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit Liability
1	2 £	3	4 £

LIFE ASSURANCE BUSINESS

Managed	Ordinary	3.915	89,970,986	352,236,411
	Initial	2.810	1,694,978	4,762,889
Equity	Ordinary	6.009	3,111,316	18,695,900
	Initial	4.313	27,739	119,637
Overseas Equity	Ordinary	2.891	1,221,538	3,531,466
	Initial	2.075	8,227	17,070
Property	Ordinary	2.120	649,223	1,376,353
	Initial	1.522	3,965	6,034
Fixed Interest	Ordinary	2.494	1,158,223	2,888,609
	Initial	1.790	1,201	2,150
Deposit	Ordinary	1.932	2,288,421	4,421,230
	Initial	1.387	2,446	3,392
Index Linked Gilt	Ordinary	1.836	422,818	776,293
	Initial	1.376	355	488
Royal Bank of Scotland Account		-	-	722,731

PENSION BUSINESS

Managed	Ordinary	5.166	85,873,001	443,619,925
	Initial	3.707	5,738,113	21,271,186
Equity	Ordinary	8.244	5,955,905	49,100,480
	Initial	5.917	280,435	1,659,333
Overseas Equity	Ordinary	3.330	2,762,341	9,198,597
	Initial	2.390	208,115	497,395
Property	Ordinary	2.680	1,919,224	5,143,520
	Initial	1.923	31,997	61,530
Fixed Interest	Ordinary	3.210	1,650,162	5,297,019
	Initial	2.304	87,404	201,378
Deposit	Ordinary	2.808	6,316,021	17,735,386
	Initial	2.015	352,344	709,974
Index Linked Gilt	Ordinary	2.083	1,355,228	2,822,939
	Initial	1.561	16,038	25,036
Assured - Basic		0.994376 *	386,362,613	384,189,710
Assured - Bonus		0.990099 *	88,754,640	87,875,880
Building Society Related		2.7474	606,108	1,665,220
Guaranteed Retirement		1.452070	574,297	833,920

TOTAL				1,421,469,081
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All unit links except Royal Bank of Scotland Account, Building Society Related & Guaranteed Retirement refer to Internal Linked funds.

* These prices represent the average discounted value as at the valuation date of units redeemable at a price of £0.994376 at the selected Pension Date or on earlier death.

Instructions for the completion of Form 57 are given in the Appendix.

ORDINARY LONG TERM FUND

08

Valuation result	Fund carried forward	1	3,666,420,000
	Bonus payments made to policyholders in anticipation of a surplus	2	39,390,000
	Transfers out of Fund / Part of Fund	3	-
	Net transfer to (from) statement of other income and expenditure	4	-
	Net transfer to (from) other Funds / Parts of Funds	5	-
	Net transfer out of Fund / Part of Fund (3 + 4)	6	3,905,810,000
	Total (1 + 2 + 5)	7	2,325,798,094
	Mathematical Reserves for non-linked contracts	8	1,420,260,906
	Mathematical Reserves for linked contracts	9	3,746,059,000
Composition of surplus	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (6 - 9)	10	159,751,000
	Balance of surplus brought forward unappropriated from last valuation	11	212,000
	Transfers into Fund / Part of Fund	12	-
	Net transfer from (to) statement of other income and expenditure	13	-
	Net transfer from (to) other Funds / Parts of Funds	14	-
	Net transfer into Fund / Part of Fund (12 + 13)	15	159,539,000
	Surplus arising since the last valuation	16	159,751,000
	Total (11 + 14 + 15) (=10)	17	39,390,000
	Bonus payments made to policyholders in anticipation of a surplus	18	-
Distribution of surplus	Allocated to policyholders by way of	19	119,498,000
	cash bonuses	20	-
	reversionary bonuses	21	-
	other bonuses	22	158,888,000
	premium reductions	23	-
	Total allocated to policyholders (17 to 21)	24	158,888,000
	Net transfer out of Fund / Part of Fund (=5)	25	-
	Total distributed surplus (22 + 23)	26	158,888,000
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated	27	863,000
Percentage of distributed surplus allocated to policyholders of Fund / Part of Fund	Total (24 + 25) (=10)	28	100
	Corresponding percentage at three immediately previous valuations	29	100
	latest (date of valuation 31.12.91)	30	100
	earlier (date of valuation 31.12.90)		
	earliest (date of valuation 31.12.89)		

Instructions for the completion of Form 58 are given in the Appendix.

REQUIRED MINIMUM MARGIN - LONG TERM BUSINESS

Returns under Insurance Companies Legislation
Global Business

CLASS	Classes I and II	Class III business with relevant factor of			Classes IV and V	Total for all classes	
Relevant Factor (Note 5)	4%	1%	Nil	Total	4%	The financial year	The previous year
1. Mathematical reserves before deduction for reinsurance:							
(a) Reserves before distribution of surplus	2,316,935,676	-	946,267,407	1,420,267,334	20,189,010	3,757,392,020	3,227,669,163
(b) Reserves for bonus allocated to policyholders	119,623,074	-	-	-	-	119,623,074	123,595,106
(c) Reserves after distribution of surplus	2,436,558,750	-	946,267,407	1,420,267,334	20,189,010	3,877,015,094	3,351,264,269
2. Mathematical reserves after deduction for reinsurance							
(a) Reserves before distribution of surplus	2,309,912,587	-	946,260,979	1,420,260,906	15,885,507	3,746,059,000	3,218,129,000
(b) Reserves for bonus allocated to policyholders	119,498,000	-	-	-	-	119,498,000	123,496,000
(c) Reserves after distribution of surplus	2,429,410,587	-	946,260,979	1,420,260,906	15,885,507	3,865,557,000	3,341,625,000
3. Ratio of 2(c) to 1(c), or 0.85 if greater (See Note 1)	0.997			1.000	0.850		
4. Required margin of solvency - first result - 1(c) x 3 x relevant factor	97,169,963			18,959,997	686,426	116,816,386	102,465,718
5. Non-negative capital at risk before reinsurance: (Note 2)							
(a) Temporary assurances with required margin of solvency of .001	-			-		-	-
(b) Temporary assurances with required margin of solvency of .0015	2,082,486,479			-		2,082,486,479	1,884,354,931
(c) All other contracts with required margin of solvency of .003	3,930,268,728			1,156,648,180		5,086,916,908	5,397,685,153
(d) Total for (a)+(b)+(c)	6,012,755,207			1,156,648,180		7,169,403,387	7,282,040,084
6. Non-negative capital at risk after reinsurance (all contracts): (See Note 2)	5,068,347,131			1,116,487,947		6,184,835,078	6,411,336,447
7. Ratio of 6 to 5 (d), or 0.50 if greater	0.843			0.965			
8. Required margin of solvency - second result (See Note 3)	12,572,954			3,348,496		15,921,450	16,795,522
9. Sum of first and second result = 4 + 8	109,742,917			22,308,493	686,426	132,737,836	119,261,240
10. Required margin of solvency for Supplementary, Accident & Sickness Insurance						-	-
11. Total required margin of solvency for long term business = 9 + 10						132,737,836	119,261,240
12. Minimum guarantee fund						489,532	421,455
13. Required minimum margin (greater of 11 and 12)						132,737,836	119,261,240

Footnotes

- Class VI: business is not transacted by the Company.
- There are no unallocated additional mathematical reserves.

Notes for the completion of form 60 are given in the Appendix.

INSURANCE COMPANIES ACT 1982

INTERMEDIARIES STATEMENT

PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION

The following statement pursuant to sub-section (2) of section 22 of the Insurance Companies Act 1982 shows the names and the connection with the company of persons who, during the period 1 January 1992 to 31 December 1992 inclusive:-

- (a) were authorised by the company to issue, or to the knowledge of the company have issued, any such invitation in relation to the company as is mentioned in sub-section (1)(a) of section 74 of the Act; and
- (b) were connected with the company as provided by Regulations under that section.

Name	Connection	Organisation
P Baring	Director	Barings plc
S M Robertson	Director	Kleinwort Benson Group plc
V P Fleming	Director	Robert Fleming Holdings Limited

Farnham Chairman	P Baring Deputy Chairman	B Richardson Director & General Manager
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APPENDIX

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Schedule 4

Instructions for completion of Forms 55 and 56

1. Information shall be shown separately and totalled within each section in the sequence specified below:

- (i) United Kingdom business
- (ii) overseas business

The totals net of reinsurance ceded of United Kingdom business and overseas business are also to be shown together with a summary of global net total business.

Separate totals for column 5 on Form 55 and columns 5, 6, and 7 on Form 56 shall be shown for sums insured, for annuities per annum and for other measures of benefit.

2. The information shall be analysed and sub-totalled within each type of business in the sequence specified below:

- (i) life assurance business
- (ii) general annuity business
- (iii) pension business
- (iv) permanent health business
- (v) capital redemption business.

3. The information shall be further analysed and sub-totalled within each basis of participation in profits in the sequence specified below:

- (i) with participation in profits
- (ii) without participation in profits.

4. Within each subdivision required under paragraphs 2 and 3 above the appropriate types of insurance from the following list shall be shown separately:

- (i) whole life assurance
- (ii) endowment assurance
- (iii) pure endowment assurance
- (iv) term assurance
- (v) other assurance (to be specified)
- (vi) miscellaneous assurance
- (vii) deferred annuity
- (viii) annuity in payment
- (ix) other annuity (to be specified)
- (x) miscellaneous annuity
- (xi) group pension
- (xii) group life
- (xiii) other group (to be specified)
- (xiv) permanent health insurance
- (xv) capital redemption assurance
- (xvi) annuity certain.

And particulars shall also be shown of any subsidiary provisions within general business class 1 or 2 which, by virtue of section 1(2) and (3) of the Insurance Companies Act 1982 are to be taken to be included in long term business of any class (Supplementary Accident and Sickness Insurance - see Form 61).

5. A further subdivision into each separate category of contract is required as follows:

Form 55 - each category of contract which is valued on a different valuation basis;

Form 56 - each category of contract which provides different guarantees or options, and each category of unit link. For the purpose of determining the category of the unit link, all authorised unit trusts may be considered to be one category and all internal linked funds may be considered to be one category.

Reserves for tax on capital gains or for investment performance guarantees may be shown on separate lines in the mathematical reserves column, where they are calculated on an aggregate basis, or in additional columns of non-unit liabilities, where they are calculated on an individual basis.

6. Special reserves (including reserves calculated on an aggregate basis for tax on capital gains and investment performance guarantees) or adjustments shall be shown on separate lines in the mathematical reserves column and the particulars of such reserves or adjustments shall be specified.

7. Any contract which consists of a combination of different types of insurance shall be treated as a number of separate contracts each dealing with one of the different types of insurance so combined and the amount by which the total number of contracts shown in column 4 of any valuation summary exceeds the actual number of contracts to which that valuation summary relates shall be stated:

Provided that, in relation to any category of such combined contract, any types of insurance included in the combination which in the aggregate account for less than 10 per cent of the total mathematical reserves under that category of contract need not be separately distinguished.

8. Non-linked contracts the nature of which or the method of valuation of which makes it impossible or inappropriate to give information required in columns 7 to 11 of Form 55 shall be shown separately and the reason for the impossibility or the inappropriateness stated.

9. Linked contracts the nature of which or the method of valuation of which makes it impossible or inappropriate to give the information in the exact form required by Form 56 shall be shown on a separate valuation summary with appropriately modified column headings and the reason for the modification stated.

10. Contracts of any description may be grouped together under any "miscellaneous" heading provided that mathematical reserves for business shown under all such headings in any one valuation summary do not exceed 5 per cent of the total mathematical reserves for all business shown in that valuation summary.

11. Contracts with deferred participation in profits and contracts with an option to convert to another category of contract shall be included in the category in which they fall at the date to which the investigation relates.

12. Contracts on more than one life may be included with single life contracts.

13. Contracts subject to limited premiums may be included with contracts under which premiums are payable throughout.

14. Life annuities guaranteed for a term certain or which provide for a refund of the balance of the purchase money on early death may be included with other life annuities.

15. In the case of contracts with variable benefits the benefits shall be taken as at the date to which the investigation relates and, where such benefits are included as approximate amounts only, that fact shall be stated.

16. In relation to group deferred annuity contracts under which premiums have not ceased, a statement of how the amount of annual office premiums has been arrived at shall be given.

17. Where for group life and pension schemes the mathematical reserves at the valuation date are based on those in respect of business in force at the last scheme revision date, any adjustment on account of changes after that date shall be shown separately.

18 It is to be stated in relation to each category of contract where it is appropriate, whether the amount of the sum assured or deferred annuity shown in the valuation summary is the full sum assured or annuity which would come into payment on the maturity date or the amount accrued or actually purchased at the date to which the investigation relates and, where it is the amount accrued or actually purchased at the date, an estimate of the full prospective sum assured or annuity for that category shall be given.

Instructions for completion of Form 57.

1. The total of column 4 shall equal the total of column 11 on Form 56

2. A separate line shall be used for each authorised unit trust and each different type of unit of each internal linked fund.

Instructions for completion of Form 58.

1. The entry at line 1 shall be equal to the entry at line 16 in the revenue account for the relevant fund/part of fund.

2. Where interim, mortuary or terminal bonuses are determined in advance of a valuation and are paid in anticipation of surplus arising at the valuation, the amounts of such bonus actually paid in the period up to the valuation date shall be entered in lines 2 and 17. To the extent that it is the practice of the company to make specific provision for the cost of such bonuses payable on future claims out of surplus arising at a valuation, such amounts shall be treated as amounts allocated to policyholders at the valuation in question and included in line 20, and the actual amounts paid shall not appear at lines 2 and 17 at future valuations. An appropriate note shall be appended identifying the various items where necessary.

3. Where policies have been transferred from one fund/part of fund to another, the associated transfer of reserves shall not be included as a "transfer" in this Form. Where any other transfer has been made, only one positive figure shall be inserted in either line 5 or line 14 (depending on the direction of the net transfer) leaving the other line blank. Corresponding entries shall be made in either the block comprising lines 3 and 4 or the block comprising lines 12 and 13, as applicable.

4. Where the entry in line 4 or line 13 represents more than one transaction, each transfer shall be separately identified in the form or in a note.

5. In the case of a company which makes allocations to eligible policyholders generally at intervals of more than one year, bonus payments made to policyholders in anticipation of a surplus, transfers to or from other income and expenditure or to or from other funds or parts of funds shall include the amounts of all such bonus payments and transfers made since the date of the last general allocation. In that case the word "valuation" in lines 11 and 15 shall be replaced by "general allocation", and line 11 shall show the balance of the surplus brought forward unappropriated from the date of the last general allocation and line 15 shall show the total amount of the surplus arising since that date. When the bonus payments or transfers relate to a period of more than one year that fact shall be stated in a note.

6. Line 27 is line 22 as a percentage of line 24. Line 27 shall not be completed in years where there is no general allocation.

Notes for completion of Form 60.

1. For a pure reinsurer, the factor of 0.85 shall be replaced by 0.50

2. After distribution of surplus

3. Line 8 equals line 7 x [5(a) x .001 + 5(b) x .0015 + 5(c) x .003] for Classes I and II, or line 7 x 5(d) x .003 for Class III and Class VII

4. Any additional mathematical reserves referred to in the note to Form 14 shall be included on this Form.

5. The appropriate factor specified in regulations 5(2)(a) and 6(3) and (4) of the Insurance Companies Regulations 1981.